

Hearing Date: TBD
Objection Deadline: TBD

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Counsel for Official Committee of Unsecured
Creditors of Lehman Brothers Holdings Inc., et al.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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	:	
In re:	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <u>et al.</u> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**SECOND APPLICATION OF MILBANK, TWEED, HADLEY & M^cCLOY LLP,
COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FOR
INTERIM APPROVAL AND ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND FOR REIMBURSEMENT OF EXPENSES DURING PERIOD FROM
FEBRUARY 1, 2009 THROUGH AND INCLUDING MAY 31, 2009**

Name of Applicant:	<u>Milbank, Tweed, Hadley & M^cCloy LLP</u>
Authorized to Provide Professional Services to:	<u>Official Committee of Unsecured Creditors</u>
Date of Retention:	<u>November 18, 2008 (effective as of September 17, 2008)</u>

Period for which compensation
and reimbursement is sought:

February 1, 2009 – May 31, 2009

Amount of Compensation
requested:

\$16,829,521.00

Amount of Expense
Reimbursement requested:

\$1,019,754.61

This is an: X interim final application.

This is the second interim fee application filed by Milbank, Tweed, Hadley & McCloy LLP in these cases.

**SECOND INTERIM FEE APPLICATION OF MILBANK, TWEED,
HADLEY & McCLOY LLP: AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF LEHMAN BROTHERS HOLDINGS INC., ET AL.
(FEBRUARY 1, 2009 - MAY 31, 2009)**

Name	Position; Experience	Hourly Rate¹	Total Hours	Total Compensation
Paul Aronzon	Financial Restructuring Partner for 19 years; admitted in 1979.	\$995	112.50	\$111,937.50
Linda Dakin-Grimm	Litigation Partner for 9 years; admitted in 1985.	\$995	3.30	\$3,283.50
Dennis Dunne	Financial Restructuring Partner for 10 years; admitted in 1991.	\$995	374.10	\$372,229.50
Michael Hirschfeld	Litigation Partner for 27 years; admitted in 1974.	\$995	31.50	\$31,342.50
Rainer Magold	Leveraged Finance Partner for 4 years; admitted in 1986.	\$995	3.30	\$3,283.50
Robert Jay Moore	Financial Restructuring Partner for 12 years; admitted in 1977.	\$995	20.00	\$19,900.00
Anthony Root	Global Securities Partner for 12 years; admitted in 1983.	\$995	23.10	\$22,984.50
Richard Sharp	Litigation Partner for 18 years; admitted in 1984.	\$995	2.50	\$2,487.50
John Walker	Global Finance Partner for 8 years; admitted in 1987.	\$995	105.70	\$105,171.50
Gary Wigmore	Global Project Finance Partner for 19 years; admitted in 1983.	\$995	3.00	\$2,985.00
Thomas Arena	Litigation Partner for 8 years; admitted in 1991.	\$950	25.00	\$23,750.00
Elizabeth Besio Hardin	Global Finance Partner for 12 years; admitted in 1996.	\$950	53.50	\$50,825.00
Stuart Harray	Global Corporate Partner for 2 years; admitted in 1993.	\$950	15.50	\$14,725.00
Thomas Janson	Global Corporate Partner for 6 years; admitted in 1982.	\$950	15.70	\$14,915.00
Dale Ponikvar	Tax Partner for 19 years; admitted in 1981.	\$950	147.10	\$139,745.00
Peter Benudiz	Global Corporate Partner for 1 year; admitted in 1987.	\$925	264.50	\$244,662.50
Winthrop Brown	Global Finance Partner for 26 years; admitted in 1975.	\$900	133.60	\$120,240.00
David Cohen	Litigation Partner for 7 years; admitted in 1994.	\$900	291.70	\$262,530.00

¹ Effective January 1, 2009, Milbank implemented an annual increase in billing rates for all Partners, Of Counsel, Associates and Paraprofessionals. The hourly rate listed here reflects this increase.

Robert Finkel	Global Corporate Partner for 13 years; admitted in 1988.	\$900	35.20	\$31,680.00
David Lamb	Global Corporate Partner for 19 years; admitted in 1992.	\$900	105.80	\$95,220.00
Eric Moser	Global Finance Partner for 10 years; admitted in 1991.	\$900	270.10	\$243,090.00
Langdon Van Nordon	Global Finance Partner for 9 years; admitted in 1992.	\$900	10.90	\$9,810.00
Andrew Walker	Tax Partner for 6 years; admitted in 1995.	\$900	35.60	\$32,040.00
Paul Wessel	Tax Partner for 13 years; admitted in 1988.	\$900	139.70	\$125,730.00
David Perkins	Litigation Partner for 32 years; admitted in 1969.	\$885	27.70	\$24,514.50
Wilbur Foster	Financial Restructuring Partner for 18 years; admitted in 1982.	\$875	512.30	\$448,262.50
Crayton Bell	Global Corporate Partner for 6 year; admitted in 1992.	\$850	7.70	\$6,545.00
Catherine Marsh	Global Project Finance Partner for 4 years; admitted in 1995.	\$850	10.60	\$9,010.00
David Wolfson	Global Corporate Partner for 5 years; admitted in 1994.	\$850	115.70	\$98,345.00
Brett Goldblatt	Global Corporate Partner for 4 years; admitted in 1998.	\$825	13.50	\$11,137.50
James Warbey	Global Finance Partner for 4 years; admitted in 1996.	\$825	95.90	\$79,117.50
Debra Alligood White	Global Corporate Partner for 3 years; admitted in 1993.	\$825	23.50	\$19,387.50
Andrew Leblanc	Litigation Partner for 2 years; admitted in 1998.	\$800	13.60	\$10,880.00
Taisa Markus	Global Securities Partner for 3 years; admitted in 1989.	\$800	10.20	\$8,160.00
Joshua Zimmerman	Global Securities Partner for 3 years; admitted in 1997.	\$800	36.20	\$28,960.00
Russell Kestenbaum	Tax Partner for 2 years; admitted in 1999.	\$775	106.60	\$82,615.00
Abhilash Raval	Financial Restructuring Partner for 1 year; admitted in 2003.	\$775	7.10	\$5,502.50
Paul Denaro	Global Securities Partner for 1 year; admitted in 2000.	\$740	234.10	\$173,234.00
Martin Erhardt	Global Corporate Partner for 1 year; admitted in 2000.	\$740	4.30	\$3,182.00
Risa Rosenberg	Financial Restructuring Of Counsel for 7 years; admitted in 1984.	\$825	245.80	\$202,785.00

Dennis O'Donnell	Financial Restructuring Of Counsel for 2 years; admitted in 1992.	\$785	1,005.90	\$789,631.50
Robert Winter	Financial Restructuring Associate for 11 years; admitted in 1997.	\$710	29.30	\$20,803.00
Lisa Brabant	Real Estate Associate for 11 years; admitted in 1999.	\$685	81.30	\$55,690.50
Cecilio Castellero	Global Finance Associate for 9 years; admitted in 2001.	\$685	134.40	\$92,064.00
Robert Liubicic	Litigation Associate for 10 years; admitted in 1999.	\$685	181.40	\$124,259.00
Bradley Edmister	Global Securities Associate for 10 years; admitted in 2000.	\$685	4.60	\$3,151.00
Stephen Tudway	Litigation Associate for 11 years; admitted in 1998.	\$685	26.00	\$17,810.00
Fred Neufeld	Financial Restructuring Associate for 18 years; admitted in 1990.	\$685	2.60	\$1,781.00
Lena Mandel	Senior Attorney; admitted in 1991.	\$680	251.30	\$170,884.00
Nicholas Bragg	Global Finance Associate for 3 years; admitted in 2007.	\$675	82.40	\$55,620.00
Evan Fleck	Financial Restructuring Associate for 8 years; admitted in 2002.	\$675	1,136.90	\$767,407.50
Drew Batkin	Tax Associate for 7 years; admitted in 2003.	\$650	215.40	\$140,010.00
David Levine	Global Corporate Associate for 7 years; admitted in 2002.	\$650	39.20	\$25,480.00
Stacey Mesler	Tax Associate for 7 years; admitted in 2003.	\$650	34.60	\$22,490.00
Aaron Renenger	Litigation Associate for 3 years; admitted in 2002.	\$650	127.90	\$83,135.00
Adrian Azer	Litigation Associate for 6 years; admitted in 2003.	\$625	569.20	\$355,750.00
Irene Bogdashevsky	Financial Restructuring Associate for 6 years; admitted in 2004.	\$625	302.30	\$188,937.50
James Bulger	Financial Restructuring Associate for 6 years; admitted in 2004.	\$625	221.10	\$138,187.50
Jonathan Goldstein	Global Transportation Finance Associate for 6 years; admitted in 2004.	\$625	35.00	\$21,875.00

Samuel Khalil	Financial Restructuring Associate for 6 years; admitted in 2004.	\$625	7.50	\$4,687.50
Brian Kinney	Financial Restructuring Associate for 6 years; admitted in 2004.	\$625	20.90	\$13,062.50
Erika Kuver-Del Duca	Real Estate Associate for 6 years; admitted in 2004.	\$625	46.10	\$28,812.50
Jihay Kwack	Global Securities for 6 years; admitted in 2004.	\$625	467.60	\$292,250.00
Daniel Lin	Global Corporate Associate for 6 years; admitted in 2001.	\$625	2.70	\$1,687.50
Neda Matar	Global Finance Associate for 6 years; admitted in 2004.	\$625	71.10	\$44,437.50
Samir Parikh	Financial Restructuring Associate for 6 years; admitted in 2004.	\$625	121.40	\$75,875.00
Linda Robinson	Global Finance Associate for 6 years; admitted in 2007.	\$625	84.20	\$52,625.00
Brian Stern	Global Corporate Associate for 6 years; admitted in 2003.	\$625	16.80	\$10,500.00
Ben Clossick Thomson	Litigation Associate for 6 years; admitted in 2001.	\$625	76.30	\$47,687.50
Kevin Brown	Tax Associate for 2 years; admitted in 2008.	\$600	108.30	\$64,980.00
Joanne Collett	Financial Restructuring Associate for 5 years; admitted in 2008.	\$600	304.70	\$182,820.00
Peter Devonshire	Global Finance Associate for 5 years; admitted in 2007.	\$600	18.30	\$10,980.00
Melissa Gambol	Global Securities Associate for 5 years; admitted in 2007.	\$600	632.60	\$379,560.00
Ada Liu	Global Project Finance Associate for 5 years; admitted in 2005.	\$600	26.00	\$15,600.00
Candace Murdock	Global Project Finance Associate for 5 years; admitted in 2007.	\$600	23.80	\$14,280.00
Peter Newman	Financial Restructuring Associate for 5 years; admitted in 2005.	\$600	118.10	\$70,860.00
Patricia Janeth Quilizapa	Litigation Associate for 5 years; admitted in 2005.	\$600	187.90	\$112,740.00
Scott Rozic	Global Securities Associate for 5 years; admitted in 2004.	\$600	483.40	\$290,040.00

Maximillian Schneider	Leverage Finance Associate for 3 years; admitted in 2005.	\$600	15.60	\$9,360.00
Naomi Slavinski	Tax Associate for 5 years; admitted in 2005.	\$600	29.20	\$17,520.00
Tamieka Spencer Bruce	Litigation Associate for 5 years; admitted in 2008.	\$600	36.00	\$21,600.00
Leo Vellis	Global Securities Associate for 5 years; admitted in 2008.	\$600	245.20	\$147,120.00
Melanie Westover	Litigation Associate for 5 years; admitted in 2005.	\$600	131.80	\$79,080.00
Douglas Barnes	Global Corporate Associate for 4 years; admitted in 2006.	\$575	15.40	\$8,855.00
Timo Bauer	Leverages Finance Associate for 2 years; admitted in 2007.	\$575	3.50	\$2,012.50
Jonah Crane	Global Corporate Associate for 4 years; admitted in 2006.	\$575	227.60	\$130,870.00
Jonathan Spader	Global Finance Associate for 4 years; admitted in 2006.	\$575	421.00	\$242,075.00
Christopher Fickes	Global Transportation Finance Associate for 4 years; admitted in 2006.	\$575	9.60	\$5,520.00
Philip Gledson	Global Corporate Associate for 4 years; admitted in 2006.	\$575	11.00	\$6,325.00
Alexis Hedman	Global Transportation Finance Associate for 4 years; admitted in 2006.	\$575	125.30	\$72,047.50
Daniel Nauth	Global Securities Associate for 4 years; admitted in 2008.	\$575	53.80	\$30,935.00
Joseph Teltser	Global Corporate Associate for 4 years; admitted in 2005.	\$575	14.20	\$8,165.00
John White	Litigation Associate for 4 years; admitted in 2006.	\$575	60.40	\$34,730.00
Simon Williams	Global Finance Associate for 4 years; admitted in 2008.	\$575	42.10	\$24,207.50
Nicholas Bassett	Litigation Associate for 3 years; admitted in 2007.	\$550	538.60	\$296,230.00
Jonathan Brown	Global Finance Associate for 3 years; admitted in 2007.	\$550	67.30	\$37,015.00
Joyce Chang	Global Project Finance Associate for 3 years; admitted in 2007.	\$550	20.30	\$11,165.00
Melissa Ann Clark	Global Corporate Associate for 3 year; admitted in 2006.	\$550	179.90	\$98,945.00
Rachel Fink	Global Corporate Associate for 3 years; admitted in 2007.	\$550	94.90	\$52,195.00

Jennie Govey	Financial Restructuring Associate for 3 years; admitted in 2008.	\$550	57.30	\$31,515.00
Gabrielle Haddad	Global Corporate Associate for 3 years; admitted in 2007.	\$550	97.90	\$53,845.00
Jeremy Hollembeak	Financial Restructuring Associate for 3 years; admitted in 2007.	\$550	4.40	\$2,420.00
Bryan Hunkele	Global Finance Associate for 3 years; admitted in 2007.	\$550	94.00	\$51,700.00
Daniel Gubitz	Global Corporate Associate for 3 years; admitted in 2004.	\$550		
Aluyah Imoisili	Litigation Associate for 3 years; admitted in 2006.	\$550	37.50	\$20,625.00
Jason Karaffa	Financial Restructuring Group Associate for 3 years; admitted in 2007.	\$550	171.30	\$94,215.00
Gabriel Mpubani	Global Project Finance Associate for 3 years; admitted in 2006.	\$550	33.80	\$18,590.00
Richard Owen	Global Corporate Associate for 3 years; admitted in 2006.	\$550	10.00	\$5,500.00
Jed Schwartz	Litigation Associate for 3 years; admitted in 2007.	\$550	486.90	\$267,795.00
Stephanie Sklar	Real Estate Associate for 3 years; admitted in 2007.	\$550	33.20	\$18,260.00
Jeremy Sussman	Financial Restructuring Associate for 3 years; admitted in 2007.	\$550	193.00	\$106,150.00
Hyosung Tang	Global Finance Associate for 3 years; admitted in 2007.	\$550	6.00	\$3,300.00
Wendy Williams	Global Securities Associate for 3 years; admitted in 2007.	\$550	188.80	\$103,840.00
Catherine Yu	Financial Restructuring Associate for 3 years; admitted in 2007.	\$550	500.60	\$275,330.00
Andrea Al-Attar	Global Corporate Associate for 2 years; admitted in 2008.	\$515	10.40	\$5,356.00
Husam Badawi	Global Securities Associate for 2 years; admitted in 2008.	\$515	182.30	\$93,884.50
Constance Beverley	Litigation Associate for 2 years; admitted in 2008.	\$515	429.10	\$220,986.50
Javier Blanco	Global Project Finance Associate for 2 years; admitted in 2008.	\$515	7.30	\$3,759.50

Andrew Butville	Global Corporate Associate for 2 years; admitted in 2008.	\$515	20.90	\$10,763.50
Gina Ciraldo	Global Finance Associate for 2 years; admitted in 2008.	\$515	12.30	\$6,334.50
James Doench	Global Corporate Associate for 2 years; admitted in 2008.	\$515	9.80	\$5,047.00
David Eastlake	Financial Restructuring Associate for 2 years; admitted in 2008.	\$515	282.20	\$145,333.00
Alison Fraser	Global Corporate Associate for 2 years; admitted in 2008.	\$515	22.40	\$11,536.00
Cheryl Isaac	Global Finance Associate for 2 years; admitted in 2008.	\$515	4.00	\$2,060.00
Sofia Khan	Litigation Associate for 2 years; admitted in 2008.	\$515	212.10	\$109,231.50
Elena Kilberg	Litigation Associate for 2 years; admitted in 2008.	\$515	13.10	\$6,746.50
Laura Kilian	Global Corporate Associate for 2 years; admitted in 2008.	\$515	50.80	\$26,162.00
Michael Lee	Global Securities Associate for 2 years; admitted in 2008.	\$515	174.60	\$89,919.00
Nicole Leyton	Tax Associate for 2 years; admitted in 2008.	\$515	165.60	\$85,284.00
Michael Lynch	Global Corporate Associate for 2 years; admitted in 2007.	\$515	115.30	\$59,379.50
Karen Ma	Financial Restructuring Associate for 2 years; admitted in 2008.	\$515	5.90	\$3,038.50
Heather Moore	Global Finance Associate for 2 years; admitted in 2008.	\$515	50.80	\$26,162.00
Mwanga Mtengule	Global Finance Associate for 2 years; admitted in 2008.	\$515	68.30	\$35,174.50
Ee-Ing Ong	Global Securities Associate for 2 years; admitted in 2008.	\$515	4.30	\$2,214.50
Jonathan Petts	Litigation Associate for 2 years; admitted in 2008.	\$515	9.20	\$4,738.00
Lindsay Pinto	Litigation Associate for 2 years; admitted in 2008.	\$515	382.80	\$197,142.00
Harsha Rao	Global Finance Associate for 2 years; admitted in 2008.	\$515	39.50	\$20,342.50
Charles Rubio	Financial Restructuring Associate for 2 years; admitted in 2008.	\$515	111.80	\$57,577.00
Dean Sattler	Global Corporate Associate for 2 years; admitted in 2008.	\$515	14.40	\$7,416.00

Mikhel Schecter	Global Finance Associate for 2 years; admitted in 2008.	\$515	30.30	\$15,604.50
Andrew Sullivan	Global Securities Associate for 2 years; admitted in 2008.	\$515	366.90	\$188,953.50
Masamichi Yamamoto	Global Finance Associate for 2 years; admitted in 2008.	\$515	11.60	\$5,974.00
Andrew Young	Financial Restructuring Associate for 2 years; admitted in 2006.	\$515	582.40	\$299,936.00
Jeeseon Ahn	Global Finance Associate for 1 year; admitted in 2009.	\$440	295.80	\$130,152.00
Michael Applebaum	Tax Associate for 1 year; admitted in 2009.	\$440	60.10	\$26,444.00
Kurt Avarell	Tax Associate for 1 year; admitted in 2009.	\$440	21.70	\$9,548.00
Jennifer Beaudry	Global Securities Associate for 1 year; admitted in 2009..	\$440	311.00	\$136,840.00
Adlin Castro	Global Securities Associate for 1 year; admitted in 2009.	\$440	314.50	\$138,380.00
Andrea Conis	Financial Restructuring Associate for Associate for 1 year; admitted in 2009.	\$440	538.50	\$236,940.00
Ateesh Chanda	Litigation Associate for 1 year; admitted in 2009.	\$440	244.30	\$107,492.00
Alecia Chen	Global Finance Associate for 1 year; admitted in 2009.	\$440	178.00	\$78,320.00
Michael Clarke	Global Finance Associate for 1 year; admitted in 2009.	\$440	116.30	\$51,172.00
Julie Constantinides	Global Corporate Associate for 1 year; admitted in 2009.	\$440	23.00	\$10,120.00
Patten Courtneil	Global Corporate Associate for 1 year; admitted in 2009.	\$440	107.40	\$47,256.00
Erin Culbertson	Litigation Associate for 1 year; admitted in 2009.	\$440	271.80	\$119,592.00
Kinjal Desai	Tax Associate for 1 year; admitted in 2009.	\$440	86.70	\$38,148.00
Robert Dickens	Global Finance Associate for 1 year; admitted in 2009.	\$440	154.10	\$67,804.00
Rachel Dobson	Litigation Associate for 1 year; admitted in 2009.	\$440	572.80	\$252,032.00
Andrew Everett	Global Corporate Associate for 1 year; admitted in 2009.	\$440	53.30	\$23,452.00
Melanie Fox	Real Estate Associate for 1 year; admitted in 2009.	\$440	6.20	\$2,728.00
Caitlin Hawks	Litigation Associate for 1 year; admitted in 2009.	\$440	58.30	\$25,652.00

Jared Joyce-Schleimer	Financial Restructuring Associate for 1 year; admitted in 2009.	\$440	580.30	\$255,332.00
Peter Idziak	Financial Restructuring Associate for 1 year; admitted in 2009.	\$440	152.20	\$66,968.00
David Kaye	Global Finance Associate for 1 year; admitted in 2009.	\$440	63.60	\$27,984.00
Benjamin Keller	Real Estate Associate for 1 year; admitted in 2009.	\$440	28.70	\$12,628.00
Marianna Kosharovsky	Global Securities Associate for 1 year; admitted in 2009.	\$440	261.90	\$115,236.00
Karen Kringen	Global Securities Associate for 1 year; admitted in 2009.	\$440	474.30	\$208,692.00
Alan Lawn	Financial Restructuring Associate for 1 year; admitted in 2009.	\$440	513.90	\$226,116.00
Brian Lee	Global Finance Associate for 1 year; admitted in 2009.	\$440	217.70	\$95,788.00
Roger Lee	Financial Restructuring Associate for 1 year; admitted in 2009.	\$440	150.50	\$66,220.00
Ulric Lewen	Global Securities Associate for 1 year; admitted in 2009.	\$440	436.70	\$192,148.00
Stephanie McAviney	Litigation Associate for 1 year; admitted in 2009.	\$440	60.60	\$26,664.00
Jan Nishizawa	Global Corporate Associate for 1 year; admitted in 2009.	\$440	66.70	\$29,348.00
Joshua Radzin	Global Finance Associate for 1 year; admitted in 2009.	\$440	178.90	\$78,716.00
Brendan Riley	Litigation Associate for 1 year; admitted in 2009.	\$440	88.90	\$39,116.00
Stephen Rose	Global Securities Associate for 1 year; admitted in 2009.	\$440	428.80	\$188,672.00
Anne Shutkin	Global Project Finance Associate for 1 year; admitted in 2009.	\$440	23.90	\$10,516.00
Kashif Siddiqui	Global Corporate Associate for 1 year; admitted in 2009.	\$440	14.50	\$6,380.00
Matthew Squires	Global Securities Associate for 1 year; admitted in 2009.	\$440	287.50	\$126,500.00
Jeremy Steckel	Global Securities Associate for 1 year; admitted in 2009.	\$440	389.80	\$171,512.00
Stephanie Swanson	Global Securities Associate for 1 year; admitted in 2009.	\$440	428.50	\$188,540.00

Joseph Wang	Financial Restructuring Associate for 1 year; admitted in 2009.	\$440	179.00	\$78,760.00
Matthew Brod	Summer Associate	\$235	12.00	\$2,820.00
Regina Gromen	Summer Associate	\$235	7.00	\$1,645.00
Adam Heasley	Summer Associate	\$235	3.00	\$705.00
Diane Henderson	Summer Associate	\$235	2.20	\$517.00
Broderick Henry	Summer Associate	\$235	25.90	\$6,086.50
Mark McCrone	Summer Associate	\$235	6.60	\$1,551.00
Benjamin Sayagh	Summer Associate	\$235	3.00	\$705.00
Tiffani Simmons	Summer Associate	\$235	7.40	\$1,739.00
John Yarwood	Summer Associate	\$235	9.50	\$2,232.50
Monica Alston	Case Manager	\$245	14.20	\$3,479.00
Oscar Castrillon	Case Manager	\$245	138.60	\$33,957.00
Kathleen Heinsberg	Case Manager	\$245	17.40	\$4,263.00
Rena Ceron	Case Manager	\$210	261.00	\$54,810.00
Richard Cosentino	Legal Assistant	\$270	321.30	\$86,751.00
Randy Hooks	Legal Assistant	\$270	236.20	\$63,774.00
Kim Strosser	Legal Assistant	\$270	278.00	\$75,060.00
Charles Sheehah	Legal Assistant	\$260	178.50	\$46,410.00
Kenneth Micallef	Legal Assistant	\$245	4.00	\$980.00
Takamichi Okubo	Legal Assistant	\$235	7.50	\$1,762.50
Marika Tanaka	Legal Assistant	\$235	2.20	\$517.00
Dakota Blake	Legal Assistant	\$210	45.50	\$9,555.00
Ken Forman	Legal Assistant	\$210	21.80	\$4,578.00
Angel Anderson	Legal Assistant	\$185	157.30	\$29,100.50
Paul Butters	Legal Assistant	\$185	141.90	\$26,251.50
Grace Green	Legal Assistant	\$185	40.50	\$7,492.50
Chris Georgakis	Legal Assistant	\$180	10.00	\$1,800.00
Ming Lu	Legal Assistant	\$180	12.40	\$2,232.00
Jonathan Comick	Legal Assistant	\$170	5.60	\$952.00
Maria Nunez	Legal Assistant	\$185		
Peter Delfausse	Legal Assistant	\$170	186.20	\$31,654.00
Bryn Fuller	Legal Assistant	\$170	89.20	\$15,164.00
Benjamin Harris	Legal Assistant	\$170	7.60	\$1,292.00

Louisa Kiu	Legal Assistant	\$170	47.80	\$8,126.00
Elliot Law	Legal Assistant	\$170	515.10	\$87,567.00
Charmaine Thomas	Legal Assistant	\$170	292.20	\$49,674.00
Toi Carrion	Legal Assistant	\$160	73.60	\$11,776.00
Alexander Fishman	Legal Assistant	\$160	58.90	\$9,424.00
Lorena Lucero	Legal Assistant	\$160	123.90	\$19,824.00
Icsom jones	Managing Attorney Clerk	\$205	9.00	\$1,845.00
Jacqueline Brewster	Managing Attorney Clerk	\$165	80.90	\$13,348.50
Paula Prudenti	Librarian	\$215	3.10	\$666.50
Matthew Ottenstein	Librarian	\$200	15.20	\$3,040.00
Megan Scanlon	Librarian	\$200	9.30	\$1,860.00
Robin Traylor	Librarian	\$200	19.40	\$3,880.00
Miguel Checo	Litigation Support Specialist	\$295	107.60	\$31,742.00
Rohan Lee	Litigation Support Specialist	\$260	426.70	\$110,942.00
Alexander Sacklowski	Litigation Support Specialist	\$260	19.80	\$5,148.00
Theartis Everett	Litigation Support Specialist	\$200	72.60	\$14,520.00
Joshua Wallach	File Clerk	\$135	15.60	\$2,106.00
Maria Smilen	File Clerk	\$115	4.50	\$517.50
Total		\$539.00 (blended rate)²	31,223.40 hours	\$16,829,521.00³

² The blended rate excluding paraprofessionals is \$587.66 per hour.

³ As is customary in connection with the preparation of this application, Milbank has reviewed the fees set forth in its Fee Statements, based on this review, the amount requested in the application is \$114,120.00 less than the fees set forth in the Fee Statements.

**SECOND INTERIM FEE APPLICATION OF MILBANK, TWEED,
HADLEY & McCLOY LLP: AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF LEHMAN BROTHERS HOLDINGS INC., ET AL.
(FEBRUARY 1, 2009 – MAY 31, 2009)**

ACTIVITY	HOURS	FEES
Asset Sales	226.00	128,528.00
Automatic Stay Enforcement	405.40	197,015.50
Claims Analysis and Estimation	8,683.10	4,308,320.50
Committee Administration	1,026.90	610,139.00
Committee Meetings	683.80	480,099.00
Communication with Creditors	657.40	277,795.50
Corporate Matters	48.80	31,540.50
Court Hearings	255.90	124,946.00
Debtor in Possession Meetings	116.80	85,824.50
Derivative Issues	4,620.40	2,793,460.00
DIP and Exit Financing	16.70	3,915.50
Disclosure Statement	.60	126.00
Employee Issues	318.40	168,655.50
Executory Contracts	136.70	63,498.50
Fee Application – Other	330.90	170,177.50
File, Docket and Calendar Maintenance	823.00	260,007.00
Insurance Matters	302.20	170,950.00
International Insolvency	375.30	221,080.50
Litigation	2,739.70	1,419,526.00
Pension Issues	363.20	243,271.00
Committee Retention Applications	327.40	175,607.50
Real Estate Matters	1,395.90	947,697.50
Regulatory Issues	1.70	1,097.50
Reorganization Plan	951.20	372,453.00
Reporting Requirements	33.80	22,259.00
Retention of Professionals	66.20	32,104.50

Rule 2004 Examinations	140.70	66,631.50
Substantive Consolidation	835.80	419,875.00
Tax Issues	671.50	447,920.50
Trading Book	742.70	424,551.50
Travel Time	108.00	83,022.50
Voidable Transfers and Other Potential Claims	40.00	18,707.50
German Bank Issues	53.60	32,941.50
Japan Issues	59.90	37,584.50
China Issues	40.00	25,937.50
Intercompany Issue	280.20	155,965.00
SIPC Issues	319.70	168,663.00
Bank Issues	513.50	387,682.50
LBI Sale	56.90	42,723.00
Neuberger Sale	427.80	267,129.00
UK Issues	264.40	180,123.00
Examiner Issues	46.70	34,212.50
Bank Book	33.30	18,683.00
Private Equity Issues	323.90	206,142.50
Cash Management Issues	3.70	1,467.00
Milbank Fee Statements and Applications	1,353.70	499,463.50
Total	31,233.40	\$16,829,521.00

**SECOND INTERIM FEE APPLICATION OF MILBANK, TWEED,
HADLEY & M^CCLOY LLP: AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF LEHMAN BROTHERS HOLDINGS INC., ET AL.
(FEBRUARY 1, 2009 – MAY 31, 2009)**

DISBURSEMENTS	AMOUNT
Airfreight	1,511.49
Binding	842.50
Cab Fares/Local Travel	39,667.74 ¹
Computer Database Research	612,993.66
Document Processing/Overtime	79,740.50
Document Retrieval	10,472.44
US Mail	100.13
Meals	29,021.24 ²
Messenger	1,658.93
Outside Reproduction	26,116.08
Photocopies	174,944.30
Telephone/Telecopy	13,781.91
Transcripts	7,901.20
Travel	21,002.49 ³
TOTAL DISBURSEMENTS	<u><u>\$1,019,754.61</u></u>

¹ This amount reflects a reduction of \$1,251.99 as per the recommended future guidelines contained in the Fee Committee report. Milbank reserves the right to seek reimbursement for the total amount of expenses incurred in connection with its representation of the Committee at a future date.

² This amount reflects a reduction of \$6,217.45 as per the recommended future guidelines contained in the Fee Committee report. Milbank reserves the right to seek reimbursement for the total amount of expenses incurred in connection with its representation of the Committee at a future date.

³ This amount reflects a reduction of \$600.16 as per the recommended future guidelines contained in the Fee Committee report. Milbank reserves the right to seek reimbursement for the total amount of expenses incurred in connection with its representation of the Committee at a future date.

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Counsel for Official Committee of Unsecured
Creditors of Lehman Brothers Holdings Inc., et al.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----	X	
	:	
In re:	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <u>et al.</u> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----	X	

**SECOND APPLICATION OF MILBANK, TWEED, HADLEY & M^cCLOY LLP,
COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FOR
INTERIM APPROVAL AND ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND FOR REIMBURSEMENT OF EXPENSES DURING PERIOD FROM
FEBRUARY 1, 2009 THROUGH AND INCLUDING MAY 31, 2009**

TO THE HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE:

Milbank, Tweed, Hadley & M^cCloy LLP ("Milbank"), counsel to the Official
Committee of Unsecured Creditors (the "Committee") of Lehman Brothers Holdings Inc.
("LBHI") and its affiliated debtors and debtors in possession in the above-captioned cases

(collectively, the “Debtors”), hereby submits its application (the “Application”), pursuant to sections 330 and 331 of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended, the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on June 24, 1991 and amended April 21, 1995 (together, the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, effective January 30, 1996 (the “U.S. Trustee Guidelines”), the Third Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Monthly Compensation And Reimbursement Of Expenses of Professionals, dated June 25, 2009 (the “Interim Compensation Order”), and the guidelines contained in the Fee Committee Report Pertaining to the First Interim Fee Applications for All Retained Professionals, dated August 3, 2009 (the “Fee Committee Report”), for the allowance of interim compensation for professional services rendered from February 1, 2009 through and including May 31, 2009 (the “Second Interim Compensation Period”), and for reimbursement of expenses incurred in connection with such services, and in support thereof respectfully represents as follows:

I. **INTRODUCTION**

A. Background

1. Bankruptcy Filing. On September 15, 2008 (the “Petition Date”), and periodically thereafter, the Debtors commenced the above-captioned chapter 11 cases (the “Chapter 11 Cases”). The Debtors’ chapter 11 cases have been consolidated for procedural purposes and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of

Bankruptcy Procedure (the “Bankruptcy Rules”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code.

2. Creditors’ Committee. On September 17, 2008, the United States Trustee appointed the Committee in the Chapter 11 Cases.

3. SIPA Trustee. On September 19, 2008, a proceeding (“SIPA Proceeding”) was commenced under the Securities Investor Protection Act of 1970 (“SIPA”) with respect to Lehman Brothers Inc. (“LBI”), a wholly owned subsidiary of LBHI and a registered broker dealer. James W. Giddens, Esq. is the trustee appointed under SIPA (the “SIPA Trustee”) and is administering LBI’s estate.

4. Examiner. The United States Bankruptcy Court for the Southern District of New York approved the appointment of Anton R. Valukas as examiner (the “Examiner”) in the Chapter 11 Cases in the Order Approving the Appointment of Examiner dated January 20, 2009.

5. Fee Committee. The United States Bankruptcy Court for the Southern District of New York appointed a fee committee (the “Fee Committee”) and approved a fee protocol in the Chapter 11 Cases on May 26, 2009.

6. Jurisdiction. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Chapter 11 Cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code. Pursuant to the Local Guidelines, a certification regarding compliance with the Local Guidelines is attached hereto as Exhibit “A.”

B. Retention of Milbank and Billing History

7. Authorization for Milbank's Retention. On November 5, 2008, pursuant to the Interim Order Under 11 U.S.C. § 1103 And Fed. R. Bankr. P. 2014 And 5002 Authorizing The Retention And Employment Of Milbank, Tweed, Hadley & McCloy LLP, As Counsel For The Official Committee Of Unsecured Creditors Effective As Of September 17, 2008 (the "Retention Order"), the Court authorized Milbank's retention as counsel for the Committee in these cases. The Retention Order, which became a final order on November 21, 2008, authorized Milbank to receive compensation pursuant to the procedures set forth in the Bankruptcy Code, the Bankruptcy Rules, the Local Guidelines, the U.S. Trustee Guidelines, and the local rules and orders of this Court.

8. First Interim Fee Application. On April 10, 2009, Milbank filed its First Application Of Milbank, Tweed, Hadley & McCloy LLP, Counsel to Official Committee of Unsecured Creditors, For Interim Approval And Allowance Of Compensation For Services Rendered And For Reimbursement Of Expenses During Period From September 17, 2008 Through And Including January 31, 2009 (the "First Interim Fee Application"). In the First Interim Fee Application, Milbank requested (i) allowance of compensation for professional services rendered during the period from September 17, 2008 Through And Including January 31, 2009 (the "First Interim Compensation Period") in the total amount of \$12,123,376.00¹, and (ii) reimbursement of its actual and necessary expenses incurred during the First Interim Compensation Period in the amount of \$668,388.72. Pursuant to the Interim Compensation Order, Milbank received payment in the amount of \$10,397,943.56 during the First Interim

¹ Milbank voluntarily reduced its fees for the First Interim Compensation Period by \$129,111.00. However, Milbank reserves the right to seek the allowance of all or a portion of such fees at a later date.

Compensation Period. On August 5, 2009, the Court approved the First Interim Fee Application, subject to a ten percent holdback as per the recommendation of the Fee Committee.²

9. Application. Milbank makes this second interim application for approval and allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code.

10. In accordance with the Interim Compensation Order, Milbank submitted monthly fee statements to the Debtors seeking interim compensation and reimbursement of expenses. During the Second Interim Compensation Period, Milbank submitted the following fee statements:

- (a) On May 4, 2009, pursuant to the Interim Compensation Order, Milbank served its fifth fee statement for the period from February 1, 2009 through and including February 28, 2009 (the "Fifth Fee Statement"). The Fifth Fee Statement sought (i) an allowance of \$3,084,465.00 as compensation for services rendered and (ii) the reimbursement of \$202,313.19 in expenses. As of the date hereof, Milbank has received a total of \$2,669,885.19, which represents payment for (i) 80% of Milbank's fees and (ii) 100% of the expenses incurred pursuant to the Fifth Fee Statement.
- (b) On June 5, 2009, pursuant to the Interim Compensation Order, Milbank served its sixth fee statement for the period from March 1, 2009 through and including March 31, 2009 (the "Sixth Fee Statement"). The Sixth Fee Statement sought (i) an allowance of \$4,811,335.00 as compensation for services rendered and (ii) the reimbursement of \$317,218.74 in expenses. As of the date hereof, Milbank has received a total of \$4,166,286.74, which represents payment for (i) 80% of Milbank's fees and (ii) 100% of the expenses incurred pursuant to the Sixth Fee Statement.
- (c) On June 26, 2009, pursuant to the Interim Compensation Order, Milbank filed and served its seventh fee statement for the period from April 1, 2009 through and including April 30, 2009 (the "Seventh Fee Statement"). The Seventh Fee

²

According to the Fee Committee Report, the Fee Committee recommends that the remaining ten percent be released upon the resolution of issues identified by the Fee Committee in the individual reports submitted to each retained professional (the "Individual Summary Sheet") in these Chapter 11 Cases. Milbank intends in due course to work through its Individual Summary Sheet with the Fee Committee to resolve all outstanding issues.

Statement sought (i) an allowance of \$4,963,845.00 as compensation for services rendered and (ii) the reimbursement of \$295,027.48 in expenses. As of the date hereof, Milbank has received a total of \$4,266,103.48, which represents payment for (i) 80% of Milbank's fees and (ii) 100% of the expenses incurred pursuant to the Seventh Fee Statement.

- (d) On July 29, 2009, pursuant to the Interim Compensation Order, Milbank filed and served its eighth fee statement for the period from May 1, 2009 through and including May 31, 2009 (the "Eighth Fee Statement" and, together with the Fifth Fee Statement, Sixth Fee Statement and Seventh Fee Statement, the "Fee Statements"). The Eighth Fee Statement sought (i) an allowance of \$4,083,996.00 as compensation for services rendered and (ii) the reimbursement of \$213,264.80 in expenses.

11. Milbank has not entered into any agreement, express or implied, with any other party for the purpose of fixing or sharing fees or other compensation to be paid for professional services rendered in these cases. No promises have been received by Milbank or any member thereof as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

II.

APPLICATION

12. By this Application, Milbank is seeking allowance of (a) compensation for professional services rendered by Milbank, as counsel for the Committee, during the Second Interim Compensation Period and (b) reimbursement of expenses incurred by Milbank in connection with such services during the Second Interim Compensation Period.

13. In this Application, Milbank seeks approval of \$16,829,521.00³ for legal services rendered on behalf of the Committee during the Second Interim Compensation Period

³ The compensation sought by this Application reflects a voluntary reduction of approximately \$154,700.25, including, but not limited to, with respect to certain fee issues identified by the Fee Committee. However, Milbank reserves the right to seek allowance of all or a portion of such fees at a future date.

and \$1,019,754.61⁴ for reimbursement of expenses incurred in connection with the rendering of such services, for a total award of \$17,849,275.61. Milbank has taken all possible measures to reduce its fees in these cases given the overall amount of professional fees incurred.

14. Pursuant to the Interim Compensation Order, Milbank has already received payment of \$14,582,737.21 during the Second Interim Compensation Period. Milbank will seek a total payment of \$3,266,539.20 pursuant to this Application, which amount represents the portion of Milbank's fees for legal services rendered and expenses incurred during the Second Interim Compensation Period not previously paid to Milbank pursuant to the Interim Compensation Order.⁵

15. The fees sought by this Application reflect an aggregate of 31,233.40 hours of attorney and paraprofessional time spent and recorded in performing services for the Committee during the Second Interim Compensation Period, at a blended average hourly rate of \$539.00 for both professionals and paraprofessionals. The blended hourly rate for professionals only is \$587.66.

16. Milbank rendered to the Committee all services for which compensation is sought solely in connection with these cases, in furtherance of the duties and functions of the Committee.

⁴ This amount reflects a reduction of certain expenses as per the recommended future guidelines contained in the Fee Committee Report. Milbank reserves the right to seek reimbursement for the total amount of expenses incurred in connection with its representation of the Committee at a future date.

⁵ As is customary, in connection with the preparation of this Application, Milbank has reviewed the fees and expenses set forth in its Fee Statements. Based on this review, the amount requested herein on account of fees and expenses incurred by Milbank during the Second Interim Compensation Period is \$122,189.60 less than the sum of fees and expenses set forth in the Fee Statements. Accordingly, upon approval of the relief requested herein, Milbank will reduce its request for payment from the Debtors by such amount.

17. Milbank maintains computerized records of the time expended in the rendering of the professional services required by the Committee. These records are maintained in the ordinary course of Milbank's practice. For the convenience of the Court and parties in interest, a billing summary for the Second Interim Compensation Period is attached as part of the cover sheet, setting forth the name of each attorney and paraprofessional for whose work on these cases compensation is sought, each attorney's year of bar admission, the aggregate of the time expended by each such attorney or paraprofessional, the hourly billing rate for each such attorney or paraprofessional at Milbank's current billing rates, and an indication of the individual amounts requested as part of the total amount of compensation requested. In addition, set forth in the billing summary is additional information indicating whether each attorney is a partner, counsel or associate, the number of years each attorney has held such position, and each attorney's area of concentration. Except as reduced voluntarily by Milbank, the compensation requested by Milbank is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.

18. Attached hereto as Exhibit "B" are time entry records broken down in tenths of an hour by project category, based on the U.S. Trustee Guidelines, setting forth a detailed description of services performed by each attorney and paraprofessional on behalf of the Committee.⁶

19. Milbank also maintains computerized records of all expenses incurred in connection with the performance of professional services. A summary of the amounts and categories of expenses for which reimbursement is sought, as well as a breakdown of expenses

⁶ Due to the volume of the time and expense records, and consistent with the Interim Compensation Order, these materials are not being filed with the Court, but copies thereof have been delivered to (i) the Court;

by project category and detailed descriptions of these expenses, are attached hereto as Exhibit “C.”

III.

SUMMARY OF PROFESSIONAL SERVICES RENDERED

20. To provide an orderly summary of the services rendered on behalf of the Committee by Milbank, and in accordance with the U.S. Trustee Guidelines, Milbank has established the following separate project billing categories in connection with these cases:

00100	Adequate Protection Issues
00200	Asset Sales
00300	Automatic Stay Enforcement & Litigation
00400	Business Plan Review and Analysis
00500	Change of Control Transactions
00600	Chapter 7 Issues
00700	Claims Analysis and Estimation
00800	Committee Administration
00900	Committee Meetings
01000	Communication with Creditors
01100	Corporate Matters
01200	Court Hearings
01300	Customer Contracts & Programs
01400	Debtor-in-Possession Meetings and Communications
01500	Derivatives Issues
01600	DIP and Exit Financing
01700	Disclosure Statement
01800	Employee Issues
01900	Environmental Issues
02000	Equipment/Personal Property Leases
02100	Estimation Issues
02200	Exclusivity Issues
02300	Executory Contracts
02400	Fee Applications - Other
02500	File, Docket & Calendar Maintenance
02600	Insurance Matters
02700	International Insolvency Matters
02800	Litigation
02900	Pension Issues

(ii) the United States Trustee; (iii) the Debtors; (iv) counsel for the Debtors; and (v) the members of the Fee Committee.

03000	Committee Retention Applications
03100	Real Estate Matters
03200	Regulated Business Asset Sales
03300	Regulatory Issues
03400	Reorganization Plan
03500	Reporting Requirements
03600	Retention of Professionals
03700	Rule 2004 Examinations
03800	SEC Investigations and Securities Litigation
03900	Secured Transactions
04000	Substantive Consolidation
04100	Tax Issues
04200	Trading Book
04300	Travel Time
04400	Trustee Issues
04500	Utilities Matters
04600	Vendor Issues
04700	Voidable Transfers and Other Potential Claims
04800	German Bank Issues
04900	Japan Issues
05000	China Issues
05100	Intercompany Issues
05200	SIPC Issues
05300	Bank Issues
05400	LBI Sale
05500	Neuberger Sale
05600	UK Issues
05700	Equity Committee
05800	Examiner Issues
05900	Bank Book
06000	Private Equity
06100	Cash Management
06200	Milbank Fee Statements and Applications

21. The following summary is intended only to highlight key services rendered by Milbank in certain project billing categories where Milbank has expended a considerable number of hours on behalf of the Committee, and is not meant to be a detailed description of all of the work performed. Detailed descriptions of the day-to-day services provided by Milbank and the time expended performing such services in each project billing category are fully set forth in Exhibit “B” hereto. Such detailed descriptions demonstrate that

Milbank was heavily involved in the performance of services for the Committee on a daily basis, including night and weekend work, often under extreme time constraints, to meet the needs of the Committee in these cases. The sheer magnitude of matters in these Chapter 11 Cases has required and continues to require substantial and continuing efforts on the part of the Committee and its professional advisors, including Milbank, to address the many complex issues and problems that are presented by these extraordinary and complex cases.

A. Asset Sales

22. The Committee and its professionals worked in tandem with the Debtors and the Debtors' professionals to address the myriad challenges arising during the Second Interim Compensation Period. Among these challenges were the evaluation of multiple complex asset sale transactions. On behalf of the Committee, Milbank's Employee Benefits, Financial Restructuring, Global Corporate, Intellectual Property, Tax, Strategic Sourcing and Technology and other practice groups worked closely with the Committee's financial advisors, FTI Consulting Inc. ("FTI") and Houlihan Lokey Howard & Zuckin Financial Advisors, Inc. ("Houlihan"), to analyze proposed transactions, negotiate for enhanced asset sale values and terms for the unsecured creditors of each of the Debtors' estates.

23. Milbank reviewed and analyzed numerous transactions during the Second Interim Compensation Period, including aircraft sale transactions, a commodities transaction, and Lehman's interest in certain other assets, as described more fully below. Milbank worked to maximize the value of the assets sold by both zealously advocating for the interests of unsecured creditors of each of the Debtors and working cooperatively with the Debtors to prevent deterioration in asset value occasioned by delay. Throughout the Second Interim Compensation Period, Milbank drafted and disseminated memoranda to the Committee

analyzing proposed transactions and providing the Committee with recommended courses of action. In addition, Milbank regularly updated the Committee as to the material terms of bids received and the status of the sale processes through written memoranda, electronic mail and telephonic meetings.

24. **LBI**. In connection with the previously consummated sale of the assets of LBI (the “**LBI Sale**”) to Barclays Capital, Inc. (“**Barclays**”), Milbank continued to monitor performance under the transition services agreement with Barclays (the “**Barclays TSA**”) originally entered into in September 2008. Given the interrelatedness of the Debtors’ operations, the effective implementation of the Barclays TSA has been of particular importance to the Committee and to unsecured creditors generally. Accordingly, Milbank worked diligently throughout the Second Interim Compensation Period to continue to monitor and assess compliance with the Barclays TSA through numerous meetings, telephonic conferences and correspondence with the Debtors.

25. **LBT Sale**. Milbank spent significant time in connection with the sale of the outstanding shares of stock in LBT Varlik Yonetim Anonim Sirketi (“**LBT**”) to Vector Holdings s.a.r.l (“**Vector**”) and the associated transfer to Vector of the rights of Lehman Brothers Bankhaus AG (“**Bankhaus**”) and Lehman Commercial Paper Inc. (“**LCPI**”) to receive repayments of principal and interest due from LBT under two loan agreements.

26. With respect to the sale of the outstanding shares of stock of LBT, Milbank worked in close cooperation with the Debtors’ counsel to review and analyze the terms of the purchase agreement, along with related ancillary documents. Milbank also spent significant time conducting due diligence to understand the issues associated with the transfer of certain intercompany indebtedness.

27. Milbank also briefed the Loan Book Subcommittee⁷ regarding the terms of the purchase agreement and the potential issues related to the sale of LBT through the preparation and distribution of memoranda and the participation in meetings of the Loan Book Subcommittee.

B. Automatic Stay Enforcement

28. During the Second Interim Compensation Period, Milbank reviewed the numerous motions filed by parties in interest seeking to lift the automatic stay to enforce various contractual agreements or otherwise exercise rights against the Debtors' estates. At the direction of the Committee, Milbank drafted and filed a supplemental brief in opposition to DnB Nor Bank ASA's ("DnB") request for authorization to set off a claim against LBHI against certain funds that were en route to a deposit account that LBHI maintained at DnB. On May 12, 2009, the Court entered a memorandum decision denying DnB's request on the basis that the debts that DnB sought to set off were not mutual, as the Committee contended. Milbank also drafted and filed, on behalf of the Committee, joinders to the Debtors' objections to the motions of (i) MidCountry Bank and (ii) WWK Hawaii-Waikapuna, LLC, et al., in which the movants sought relief from the automatic stay in order to, among other things, pursue state court claims against certain Debtors and their affiliates. [Docket Nos. 3400 and 3389] Additionally, Milbank conducted research and drafted memoranda regarding the legal viability of certain setoff theories.

C. Claims Analysis

29. During the Second Interim Compensation Period, Milbank continued to develop and refine the database of the Debtors' debt offering documents ("Database") that was

⁷ The Loan Book Subcommittee, which was referred to in the First Interim Fee Application as the Bank

created and developed during the First Interim Compensation Period. Milbank worked with litigation technology specialists to refine and expand the debt information stored in the Database. Milbank used the Database to develop and present summary forensic capital structure information to the Committee and its advisors, as well as to answer individual queries from the Committee and the public about specific Lehman debt instruments. The Database is used by Milbank and other Committee advisors on an ongoing basis to determine and analyze the Debtors' capital structure, establish a basis upon which to determine and validate claim amounts and analyze substantive consolidation, preference and other potential issues.

30. Milbank also drafted a number of memoranda to the Committee on certain current controversies relating to the Debtors' capital structure, including (i) the treatment of original issue discount in structured notes and contingent payment debt instruments, guarantees of debt issued by Lehman Brothers Treasury Co. B.V. (the "BV") and Lehman Brothers Securities N.V. by LBHI, (ii) English law issues relating to the debt of the BV, (iii) certain provisions of LBHI's subordinated debt, and (iv) issuer substitution.

31. **Bar Date Motion.** Additionally, during the Second Interim Compensation Period, Milbank began reviewing and analyzing the myriad issues raised with respect to the Debtors' motion to establish the deadline for filing proofs of claim and establish procedures therefor (the "Bar Date Motion"). At the request of the Committee, Milbank worked with the Debtors and parties in interest to revise the proposed procedures contained in the Bar Date Motion to address concerns raised by the Committee.

Book Subcommittee, has subsequently been renamed.

D. Committee Administration

32. Milbank developed an elaborate protocol for the organization and delegation of the massive number of tasks involved in ensuring the Committee is kept aware and apprised of all aspects of these Chapter 11 Cases, including frequent meetings among internal team members and the maintenance of comprehensive rolling task lists, distribution lists, calendar notifications, project calendars and research status lists on a daily basis. Additionally, Milbank has established a system whereby substantive court filings are reviewed to provide the Committee with a comprehensive summary and analysis of each pleading filed in the Chapter 11 Cases. Milbank's efforts in setting up efficient and comprehensive methods of administering the Committee's needs will ensure that the Committee has the logistical tools necessary to effectively carry out its fiduciary responsibilities to the unsecured creditors of each of the Debtors.

E. Committee Meetings

33. During the Second Interim Compensation Period, the Committee held weekly telephonic meetings and monthly in-person meetings prior to the monthly in-person meetings with the Debtors' professionals. Prior to each Committee meeting, and in accordance with the Bylaws Of Official Committee Of Unsecured Creditors Of Lehman Brothers Holdings Inc., et al., Milbank prepared an agenda listing topics for discussion. Milbank also prepared and distributed related materials on behalf of the Committee's professionals for the Committee members' review. During the Committee meetings, Milbank discussed with Committee members and their counsel all significant matters arising during the Second Interim Compensation Period, and assisted the Committee in formulating positions with respect to such issues.

34. Through Committee meetings and conference calls, and numerous other communications with members of the Committee, Milbank has assisted the Committee in (i) fulfilling its obligations to unsecured creditors of each of the Debtors' estates and (ii) making informed decisions regarding the numerous issues that have arisen in these cases.

F. Committee Retention Application

35. During the Second Interim Compensation Period, Milbank continued to review and update its connections to parties in interest in the Chapter 11 Cases, identify any required disclosures, maintain and manage the internal information walls in place at the firm, and correspond with the Office of the United States Trustee regarding certain issues involving the foregoing. In connection therewith, Milbank drafted and filed, on February 2, 2009, and May 29, 2009, supplemental affidavits in further support of its retention as counsel for the Committee. In addition, at the direction of the Committee, Milbank worked with Houlihan and FTI in connection with their required disclosures and the preparation of their supplemental affidavits in further support of their retention as investment banker and financial advisors, respectively, to the Committee.

G. Communication with Creditors

36. In accordance with the Stipulation and Agreed Order Between the Debtors and the Official Committee of Unsecured Creditors Regarding Creditor Access to Information Pursuant to 11 U.S.C §§ 105(a), 1102(b)(3) and 1103(c) [Docket No. 498], which the Bankruptcy Court approved on October 1, 2008 (the "Creditor Information Protocol"), Milbank, on behalf of the Committee, continued to develop and maintain an internet-accessed website (the "Committee Website"). The Committee Website contains a significant amount of content produced by Milbank, which is updated frequently and designed to provide information

to creditors, including, among other things, (i) general information concerning the Debtors' chapter 11 cases, including adversary proceedings and the SIPA Proceeding; (ii) highlights of significant events; (iii) a case calendar; and (iv) answers to frequently asked questions, available in several foreign languages. The Committee Website also acts as one means of interaction between Milbank and the Debtors' creditors. For example, the Committee Website permits creditors to register to receive monthly reports and to submit inquiries directly to Milbank, to which Milbank has worked in collaboration with the Debtors' counsel, as required by the Creditor Information Protocol, to provide responses.

37. During the Second Interim Compensation Period, Milbank continued to expend substantial time developing and maintaining the Committee Website. In addition, hundreds of creditors contacted Milbank via the Committee Website and telephonically concerning the Debtors' Chapter 11 Cases. In accordance with the Creditor Information Protocol, Milbank reviewed and responded to all such creditor inquiries.

38. During the Second Interim Compensation Period, the so-called Ad Hoc Group of Lehman Brothers Creditors (the "Ad Hoc Group") was formed.⁸ Milbank spent considerable time working with the Ad Hoc Group to assist in its understanding of the issues in the Debtors' Chapter 11 Cases. During the Second Interim Compensation Period, Milbank also continued, at the Court's direction, to act as an information "liaison" between the Debtors, the Informal Noteholder Group,⁹ the Ad Hoc Group of Creditors, and other creditors and, most

⁸ The Ad Hoc Group filed a Notice of Appearance and Request for Service of Documents on May 12, 2009 at Docket No. 3552.

⁹ The Informal Noteholder Group, as defined in the First Fee Application, which was formed early in these Chapter 11 Cases, continued to operate during the Second Interim Compensation Period, but is now believed to be defunct. See Notice of Withdrawal of First Amended Verified Statement of Akin Gump Strauss Hauer & Feld LLP Pursuant to Bankruptcy Rule 2019 at Docket No. 4538.

specifically, expended time discussing these cases and a number of pending motions with counsel to the Informal Noteholder Group and the Ad Hoc Group on a nearly daily basis.

H. Court Hearings

39. During the Second Interim Compensation Period, Milbank prepared for and appeared at each of the hearings conducted before this Court, including, among others, (i) numerous regularly scheduled omnibus hearings; (ii) special hearings and case conferences; and (iii) hearings in the SIPA Proceeding. To prepare for each hearing, among other things, Milbank reviewed and analyzed documents, including correspondence and pleadings, conducted both factual and legal research, and met with numerous parties to work toward the consensual resolution of any objections raised by the Committee or other parties in interest. Following each hearing, Milbank produced summaries and analyses of the proceedings in order to keep the Committee fully apprised of developments in the Chapter 11 Cases.

I. Debtor-in-Possession Meetings and Communications

40. During the Second Interim Compensation Period, Milbank frequently communicated and exchanged correspondence with the Debtors' counsel regarding, among numerous other issues, case administration, responses to pleadings, the requests for additional official creditors' committees, plan and disclosure issues, and upcoming hearings. Milbank also prepared for and attended various in-person meetings with the Committee members, the Debtors, and their respective professionals to, among other things, discuss the ongoing administration of and long term strategy for these Chapter 11 Cases.

J. Derivatives Issues

41. As reflected in the First Interim Fee Application, the Committee established a derivatives subcommittee (the "Derivatives Subcommittee") comprised of

Committee members, Milbank attorneys, and the Committee's other professionals. During the Second Interim Compensation Period, Milbank continued to conduct regular meetings with the Derivatives Subcommittee to address and make recommendations to the full Committee in respect of specific issues concerning the Debtors' portfolio of derivatives positions. Pursuant to the orders of the Court entered in December and January to Establish Procedures for the Settlement or Assumption and Assignment of Prepetition Derivative Contracts, absent further Court approval, the Committee must analyze and consent to all derivative transactions before the Debtors can consummate any such transaction. To that end, Milbank, together with the financial advisors to the Committee, reviewed and advised the Committee on all aspects of each proposed transaction and presented to the Derivatives Subcommittee for consultation.

42. Specifically, Milbank reviewed and analyzed the Debtors' Motion Pursuant To Sections 105 And 364 Of The Bankruptcy Code Authorizing The Debtors To Grant First Priority Liens In Cash Collateral Posted In Connection With The Hedging Transactions The Debtors Enter Into Through Certain Futures And Prime Brokerage Accounts. At the request of the Committee, Milbank prepared and filed a statement in response to the Debtors' motion. [Docket No. 2779].

43. Additionally, Milbank addressed issues related to and provided recommendations on, derivatives matters, including the highly complex derivatives-related adversary proceedings commenced by the Debtors to recover the Debtors' "in-the-money" positions in various derivatives transactions. To that end, Milbank provided the Derivatives Subcommittee with numerous memoranda summarizing the issues and recommendations related to the derivative matters. In this and other connections, substantial attorney time was devoted to analyzing derivatives contracts and other related transaction documents, monitoring and

participating actively in the derivatives-related adversary proceedings, communicating with the Debtors' counsel and the Committee's financial advisors, and developing and evaluating strategies to monetize complicated derivatives transactions for the benefit of unsecured creditors of each of the Debtors' estates.

44. As noted, considerable attention was paid to adversary proceedings, each of which raised novel issues of law. In preparation for intervention on behalf of the Committee in certain of the derivatives-related adversary proceedings, Milbank researched numerous complex legal issues related to the treatment of derivative contracts under the Bankruptcy Code. Specifically, substantial attorney time was devoted to researching legal issues of first impression in the Second Circuit; such research is essential to the development of strategies to recover amounts due to the Debtors in disputed derivatives transactions for the benefit of unsecured creditors of each of the Debtors' estates.

K. Employee Issues

45. During the Second Interim Compensation Period, in order to apprise the Committee of the Debtors' responsibilities in closing its offices, Milbank conducted research and analysis on the federal Worker Adjustment and Retraining Notification Act (the "WARN Act") and the state WARN Act equivalents. In particular, Milbank focused upon applicability triggers, lender and affiliated company liability, specific federal and state notification requirements, and exceptions to the notification requirements under the statutes. Milbank also tracked proposed amendments to the federal WARN Act and delivered an analysis of the potential impact of these changes.

L. Executory Contracts

46. During the Second Interim Compensation Period, Milbank reviewed and analyzed pleadings filed with respect to the Debtors' and LBI's executory contracts, including numerous motions by the Debtors and SIPA Trustee to assume or reject particular executory contracts, and objections and responses thereto. Such review and analysis included legal research regarding the relief sought by such pleadings, analysis of the Debtors' and SIPA Trustee's rights and obligations under the applicable executory contracts, consultation with the Committee's financial advisors regarding the financial implications of the proposed treatment of the subject contracts, correspondence with the Debtors' legal and financial advisors regarding the financial context and implications of the proposed courses of action, and assessment of the potential impact on the Debtors' estates.

47. Based upon such review and analysis, Milbank prepared memoranda for the Committee summarizing such pleadings, applicable legal issues, corresponding financial consideration, and the potential impact on the Debtors' estates and, where appropriate and requested by the Committee, Milbank prepared responsive pleadings. To that end, during the Second Interim Compensation Period, Milbank drafted and filed an objection, dated April 20, 2009 [Docket No. 3395], to the Debtors' Motion Pursuant to Sections 105(a), 362 and 365 of the Bankruptcy Code for Authorization to Assume Certain Aircraft Lease Agreements and to Consummate Certain Related Transactions, dated March 25, 2009 [Docket No. 3218] (the "Aircraft Assumption Motion"). In connection with this objection, Milbank performed extensive legal research and prepared for the initial scheduled hearing for the Aircraft Assumption Motion, which has since been adjourned to September 16, 2009 [Docket No. 4278].

M. Fee Applications – Other

48. During the Second Interim Compensation Period, Milbank internally recorded and reviewed monthly fee statements received from other professionals, in particular, those of Weil Gotshal & Manges LLP, counsel to the Debtors, pursuant to the Interim Compensation Order. Additionally, Milbank researched and analyzed the potential role and impact of a fee examiner or fee committee for the Debtors' Chapter 11 Cases, and the legal basis for such appointment, resulting in the appointment of the Fee Committee by the Court on May 26, 2009 [Docket No. 3651].

49. **Fee Committee.** Since early in these Chapter 11 Cases, the Committee recognized that the amount of professional fees in these cases would require specialized review. At the request of the Committee, Milbank advocated for the appointment of a fee committee and participated in a chambers conference during the Second Interim Compensation Period to discuss such an appointment. Ultimately, at the direction of the Court, the parties worked towards a common view of the process for fee examination. In connection therewith, Milbank worked with the Debtors and the United States Trustee to draft the protocol and pleadings that resulted in the appointment of the Fee Committee.

N. File, Docket & Calendar Maintenance

50. During the Second Interim Compensation Period, Milbank maintained internal filing, record-keeping, docket-monitoring, and calendaring systems to organize and track (i) pleadings filed in the Chapter 11 Cases, SIPA Proceeding, and related adversary proceedings, (ii) ongoing projects, and (iii) upcoming deadlines. On a real-time basis, Milbank downloaded, consolidated, and organized pleadings in order to ensure efficient access. Milbank also monitored the dockets on a real-time basis and summarized and circulated substantive

pleadings to the Lehman team. These summaries enabled Milbank to stay abreast of ongoing developments in these cases, facilitated the assignment of projects, and helped ensure that deadlines were not missed.

51. Additionally, Milbank maintained a comprehensive internal calendar of active matters in these cases. This calendar ensured that Milbank could effectively monitor and update the status of all pending matters, a resource that proved invaluable in responding to inquiries and discussing these matters with the Committee and other parties in interest. Milbank also maintained and circulated to the Committee, on a weekly basis, a calendar of upcoming motions, hearing dates, and other important deadlines.

O. Insurance Matters

52. During the Second Interim Compensation Period, at the direction of the Committee, Milbank expended considerable time investigating and evaluating the Debtors' request to purchase a two-year tail policy to extend the coverage of their existing director and officer liability insurance policy. To obtain all relevant information regarding the cost, scope, and advisability of such purchase, Milbank participated in numerous conferences and meetings, and exchanged correspondence, with the Debtors' counsel, and ultimately determined not to object to the motion by which the Debtors sought Bankruptcy Court approval to purchase the additional coverage.

P. Intercompany Issues

53. During the Second Interim Compensation Period, Milbank expended considerable time investigating, on a preliminary basis, intercompany claim issues. Most significantly, at the request of the Committee, Milbank devoted substantial resources to an analysis of general guarantees and their potential impact on creditor recoveries. In this

connection, Milbank drafted a memorandum addressing, among other issues, the fact that Lehman Brothers International (Europe)'s ("LBIE") administrator, PricewaterhouseCoopers LLP ("PwC"), has indicated that it intends to assert a claim against LBHI, as a purported guarantor for certain of its affiliates, for liabilities owed to LBIE by those affiliates. In drafting the memorandum, Milbank conducted research on U.S. law regarding the enforcement of general guarantees and reviewed documents relevant to the existence of a purported LBHI guarantee.

Q. International Insolvency Matters

54. During the Second Interim Compensation Period, Milbank attorneys and paraprofessionals across various jurisdictions communicated with each other, Debtors' counsel, and third party administrators regarding the status of proceedings initiated by or against Lehman-related entities in countries outside of the U.S., or jurisdictions where Lehman entities may have assets and/or liabilities, including, without limitation, (i) the United Kingdom; (ii) Hong Kong; (iii) Japan; (iv) France; (v) the Netherlands; (vi) Switzerland; (vii) Germany; (viii) Australia; (ix) Singapore; (x) Korea; (xi) the Philippines; (xii) China; (xiii) Cayman Islands; (xiv) Luxembourg; (xv) Taiwan; and (xvi) Bermuda (collectively, the "International Jurisdictions"). Milbank liaised with the Committee and provided updates regarding the international proceedings. Milbank also monitored publicly available information for updates and information regarding foreign proceedings, and complied information regarding procedures for filing claims in such proceedings for each of the International Jurisdictions.

55. **Asia Issues.** As reflected in the First Interim Fee Application, due to the size and complexity of issues related to insolvency proceedings commenced against the Debtors' Asian subsidiaries and affiliates in various jurisdictions ("Asia Proceedings"), the

Committee established a subcommittee (the “Asia Subcommittee”) composed of Milbank attorneys, Committee members and the Committee’s other professionals to monitor, review and analyze issues specific to the Asia Proceedings. The Asia Subcommittee continued to conduct meetings throughout the Second Interim Compensation Period to address and make recommendations to the full Committee and frequently liaised with the Debtors’ professionals in Asia and various Asian administrators and regulators to represent the Committee’s interests. The Asia Subcommittee focused on communications with the Debtors’ professionals regarding Project Lavender, the sale of certain real estate assets in Japan. As of the conclusion of the Second Interim Compensation Period, Milbank continued to research issues and drafted memoranda to update the Committee on their progress in other Asia Proceedings.

56. **German Bank Issues.** Both Lehman Brothers Capital GmbH (“Lehman GmbH”) and Bankhaus are wholly-owned subsidiaries of LBHI. On October 6, 2008, an order was entered commencing the provisional administration of Lehman GmbH. The Frankfurt Local Court (*Amtsgericht*) commenced formal insolvency proceedings against Bankhaus on November 13, 2008, and on April 29, 2009, Bankhaus filed with the Court a petition under chapter 15 of the Bankruptcy Code. During the Second Interim Compensation Period, Milbank’s domestic and German offices analyzed numerous issues relating to both Lehman GmbH and Bankhaus, including general insolvency procedures in a German insolvency proceeding, recent amendments to German insolvency law providing for subordination, and the treatment of intercompany claims under German insolvency law. In addition to the foregoing, Milbank provided regular updates to the Committee on significant events in the German proceedings, including the first assembly of Bankhaus’s creditors, held on March 17, 2009, and

the Bankhaus administrator's demand for payment from R3 Capital Partners Master, L.P., on March 23, 2009, under a certain repurchase agreement.

57. **UK Issues.** LBIE, the Debtors' principal trading company in the United Kingdom ("UK"), along with several other British subsidiaries and affiliates of the Debtors, were placed into insolvency administration (the "Administration") in the UK and the English High Court appointed Tony Lomas, Steven Pearson, Dan Schwarzmann and Mike Jervis, partners at PwC, as joint administrators (the "UK Joint Administrators") on September 15, 2008. During the Second Interim Compensation Period, the primary task of Milbank was to monitor the Administration of LBIE. This involved numerous telephone conversations, email communication and research memoranda, as well as email communication and conversations with other professional advisers on the process pertaining to the Administration.

58. In particular, Milbank performed extensive legal research into the provisions and practical mechanics of the administration process under English law. Milbank regularly communicated with UK-based members of FTI and, in addition, Milbank had regular conversations with members of the London office of Weil, Gotshal & Manges LLP regarding the status of the Administration. In addition, Milbank monitored and provided updates and analyses to the Committee on various issues in connection with the LBIE proceeding including the EDF Litigation, the LBIE Scheme of Arrangement, the Joint Administrators' First Progress Report and the Lehman Brothers Asset Management (Europe) Limited disposal.

59. **Multilateral Protocol.** Milbank reviewed and commented on the draft Global Cross-Border Insolvency Protocol (the "Multilateral Protocol") and reviewed the various arguments advanced by the UK Joint Administrators against it, which were filed with this Court. Milbank advised the Committee regarding the extent to which the Joint Administrators

could be compelled to adhere to the Multilateral Protocol. In connection therewith, Milbank conducted research regarding whether the UNCITRAL Model Law could be used and conducted numerous conference calls and engaged in email communications regarding same. Additionally, Milbank engaged in dialogue with the Debtors and various foreign administrators regarding the details of the Multilateral Protocol. As of the end of the Second Interim Compensation Period, the Debtor's motion to implement the International Protocol was finalized and filed; Milbank reviewed the Multilateral Protocol motion and analyzed its impact for the Committee.

R. Litigation

60. During the Second Interim Compensation Period, Milbank conducted research and prepared memoranda regarding the claims and issues raised by a wide range of pending lawsuits impacting the Debtors' estates. Milbank also conducted multiple teleconferences and meetings, both internally and with the Debtors and their professionals, with regard to the foregoing and provided regular updates to the Committee.

61. More specifically, with the exception of cases in which the Committee's interests are represented by the Committee's conflicts counsel, Milbank monitored developments in (i) all pending adversary proceedings commenced in this Court; (ii) lawsuits commenced prepetition against the Debtors and pre- and postpetition against non-Debtor affiliates, officers, directors, and related parties; and (iii) litigations raising issues similar to those raised or to be raised in the Chapter 11 cases. Where appropriate and directed by the Committee, Milbank intervened in such matters on the Committee's behalf. Finally, in connection with the monitored proceedings, Milbank reviewed and analyzed proposed settlement agreements and advised the Committee regarding the same.

S. Pension Issues

62. During the Second Interim Fee Period, Milbank advised the Committee in connection with settlement negotiations between the Debtors and the Pension Benefit Guaranty Corporation (the “PBGC”). The Committee was an active participant in such negotiations. On behalf of the Committee, Milbank reviewed, analyzed and revised settlement terms and settlement agreement language proposed by the Debtors and the PBGC. Milbank also researched and analyzed various provisions of, and cases interpreting, the Employee Retirement Income Security Act of 1974 (“ERISA”) and the applicable regulations issued thereunder. Milbank researched and analyzed provisions of ERISA relating to, among other things, (i) the calculation of a pension plan’s unfunded benefit liability and the assumptions that underlie such calculation, and (ii) the calculation of termination premiums and whether such premiums can be discharged in bankruptcy.

63. In order to assist the Committee in its evaluation of a proposed settlement agreement between the Debtors and the PBGC, Milbank prepared a memorandum for the Committee addressing the foregoing issues and providing a recommendation as to whether the Committee should consent to the material terms of the proposed agreement. Milbank also prepared the Statement filed by the Committee on May 28, 2009, in support of LBHI’s motion for authorization and approval of the settlement agreement it had reached with the PBGC. [Docket No. 3681]. Milbank participated in Committee calls and conducted several meetings via teleconference with the Committee’s financial advisors, the PBGC and Debtors to resolve outstanding issues. A settlement was reached by the Debtors and the PBGC during the Second Interim Compensation Period.

T. Real Estate Matters

64. As reflected in the First Interim Fee Application, due to the size, complexity and potential for exposure of the Debtors' real estate portfolio, the Committee established a real estate subcommittee (the "Real Estate Subcommittee"), comprised of Committee members, Milbank attorneys, and the Committee's financial advisors, to evaluate the Debtor's extensive real estate portfolio. The Real Estate Subcommittee held regular meetings throughout the Second Interim Compensation Period to address and make recommendations to the full Committee with regard to issues related to the Debtors' real estate holdings in order to both assess discrete issues, e.g., the SunCal, Starman and Heritage Fields situations, and formulate protocols with the Debtors to attempt to maximize the value of the Debtors' real estate assets.

65. The Debtors' real estate portfolio includes commercial, residential and corporate interests in which the Debtors hold both debt and equity positions, often in the form of joint ventures to develop large commercial projects. Milbank continued to work closely with the Committee's financial advisors to assess whether the Debtors should continue to meet various funding obligations and to respond to numerous requests from Debtors to restructure debt facilities. In connection therewith, Milbank continued to review the Debtors' rights, obligations and exposures relative to joint venture partners, borrowers, senior secured lenders, unsecured creditors and other third parties to make an impact analysis of the proposed restructurings or failure to fund capital calls. Milbank also continued to participate in the consensual resolution of several outstanding real estate-related motions.

U. Lehman Bank Platform Issues

66. During the Second Interim Compensation Period, Milbank expended considerable time in connection with Lehman Brothers Bank, FSB, a federally-chartered thrift headquartered in Delaware (“LBB”) overseen by the Office of Thrift Supervision, and Lehman Brothers Commercial Bank, a Utah industrial bank (“LBCB” and, together with LBB, the “Banks”) overseen by the Federal Deposit Insurance Company. Due to a number of factors, capital levels at each of the Banks dropped below levels generally considered adequate by the Banks’ respective regulators. As a result, the regulators indicated that, unless LBHI took action to support the capital levels at the Banks, the regulators would seize the Banks and liquidate their respective assets. Because the Committee’s financial advisors agreed with the Debtors and their professionals that significant value could be recovered if the Banks’ capital and liquidity issues could be successfully addressed, the Committee supported the Debtors’ efforts to preserve value at the Banks.

67. In connection therewith, Milbank actively monitored developing legal and regulatory changes by analyzing legislative proposals and participating in meetings of a related subcommittee (the “Bank Regulatory Subcommittee”). The Bank Regulatory Subcommittee held regular meetings throughout the Second Interim Compensation Period. In connection with the Bank Regulatory Subcommittee, Milbank, working together with the Committee’s financial advisors, analyzed various governmental programs, including, among others, the Public-Private Investment Program, with respect to details such as the specific type of assets eligible for the programs, the amount of funding available, and restrictions applicable to participants in the program, in order to assess the Debtors’ eligibility to participate in such

programs and the potential impact of such participation on the value of certain of the Debtors' assets.

68. During the Second Interim Compensation Period, Milbank also worked closely and cooperatively with the Debtors and the Debtors' professionals in attempting to structure solutions to the various issues confronting the Banks, including meeting with the Banks' regulators to discuss the Banks' alternatives and to negotiate a mutually acceptable solution to the Banks' regulatory issues. Milbank also expended significant time, together with the Committee's other professionals, analyzing the potential value to the Debtors' estates of making capital infusions into the Banks, including in connection with two motions filed by the Debtors seeking authority to (i) make a cash infusion into LBB (the "Cash Infusion Motion") and (ii) enter into a master repurchase agreement with LBB (the "MRA Motion") in order to improve LBB's capital positions to levels LBB's regulators would find acceptable regulators would find acceptable. At the request of the Committee, Milbank prepared and filed the Statement in support of the Cash Infusion Motion and MRA Motion. [Docket No. 2842]. The Cash Infusion Motion and the MRA Motion were approved by the Court on March 13, 2009, and March 31, 2009, respectively.

V. Reorganization Plan

69. During the Second Interim Compensation Period, Milbank researched precedent for reorganization plans, dealing with creditor distribution provisions and creating a plan precedent database with a concentration on issues that may be relevant to the Debtors' Chapter 11 Cases. Milbank further researched issues such as the treatment of guarantors and setoff in connection with substantive consolidation, and rights to vote of holders of derivatives, drafting memoranda for the Committee regarding the foregoing.

W. Retention of Professionals

70. During the Second Interim Compensation Period, Milbank reviewed and scrutinized the retention applications of professionals, including applications for, among others: (i) Jones Day, as special counsel to the Debtors; (ii) Duff & Phelps, LLC as Financial Advisors to the Examiner; (iii) an amendment to the original application of McKee Nelson as special counsel for the Debtors; and (iv) ordinary course counsel and contract attorneys. In evaluating these additional retention applications, Milbank discussed with the Committee, the Committee's other professionals, and the Debtors, concerns about conflicts of interest, amount of fees, and scope of employment.

X. Rule 2004 Investigations

71. During the Second Interim Compensation Period, Milbank analyzed various Rule 2004 motions filed by interested parties including, among others, Bank of New York Mellon, 25 Broad, LLC ("25 Broad"), and SunTrust, all of whom sought to obtain information from one or more of the Debtors. In response to 25 Broad's Rule 2004 motion, Milbank prepared and subsequently filed a joinder to the Debtors' objection to 25 Broad's motion. [Docket No. 2750]. Milbank prepared this pleading to prevent duplicative requests for information, which would unnecessarily drain the Debtors' resources and impede upon the Committee's statutory mandate to investigate the acts, conduct, liabilities and financial condition of the Debtors.

72. In an effort to better inform the Committee regarding the scope and purpose of Rule 2004 discovery, Milbank prepared a comprehensive memorandum summarizing Rule 2004 and applicable case law interpreting Rule 2004.

Y. Substantive Consolidation

73. During the Second Interim Compensation Period, Milbank created comprehensive chart summarizing the federal cases discussing the doctrine of substantive consolidation and a comprehensive memorandum discussing the factors commonly utilized by courts when analyzing substantive consolidation. In preparing these charts, Milbank conducted in-depth research on all federal cases discussing the doctrine of substantive consolidation. Milbank, together with the Committee's financial advisors, also continued its analysis of the potential applicability of the principles articulated in such cases to the facts and circumstances of the Chapter 11 Cases.

Z. Tax Issues

74. During the Second Interim Compensation Period, Milbank devoted substantial time to analyzing and evaluating federal, state, and international tax issues relating to the Debtors' estates. In connection therewith, Milbank participated in weekly Committee calls regarding tax matters, met with the Debtors' tax department and tax counsel, and reviewed, researched, and analyzed (i) tax issues on the disposition of certain assets (e.g., SkyPower, the Debtors' investment management division, and interests in certain real estate funds); (ii) tax issues surrounding the Banks; (iii) the Debtors' tax exposure and potential refund claims; (iv) transactions subject to on-going Internal Revenue Service ("IRS") audit of the Debtors' estate, including foreign tax credit claims (e.g., "Voucher" trade and "stock loan" transactions) and the Debtors' corporate-owned life insurance deductions; (v) motions and orders to restrict trading of equity and debt claims of the Debtors; (vi) the Debtors' request for a ruling from the IRS regarding relative valuation of the Debtors' preferred stock; (vii) the impact of receipt of government program funds on use of the Debtors' net operating losses, and

(viii) the potential impact on the Debtors' estate of tax provisions in proposed legislation. In connection with the above-mentioned IRS audit, Milbank met with the Debtors' tax litigation counsel, McKee Nelson LLP, and prepared a memorandum for the Committee explaining the tax exposure associated with the IRS audit.

75. At the request of the Committee, Milbank researched, prepared legal memoranda, and corresponded with the Debtors regarding (i) choice of forum issues associated with the determination of the Debtors' tax liability; (ii) the priority of various tax claims against the Debtors; (iii) tax allocation rules related to Debtors' right to contribution by subsidiaries; (iv) setting off tax penalties with refunds and the allowance of certain refund claims; (v) the status of a controlled foreign corporation when placed in receivership; and (vi) the Debtors' right to interest on tax refunds. Milbank participated in weekly telephone conferences with the Debtors' tax department and the Debtors' tax counsel to discuss the numerous tax issues that arose in the Debtors' continuous dialogue with the IRS and other taxing authorities and other Debtor tax issues which the Debtors' tax department or tax counsel considered noteworthy.

AA. Trading and Loan Book

76. As reflected in the First Interim Fee Application, the Committee established a subcommittee comprised of Milbank attorneys, Committee members, and the Committee's financial advisors to review matters related to the Debtors' loan book (the "Loan Book Subcommittee"). During the Second Interim Compensation Period, the Loan Book Subcommittee continued to analyze, among numerous other matters related to the Debtors' loan book, the unresolved objections and proposed settlements, ancillary motions, and other residual issues concerning the Debtors' motions, dated November 14, 2008 and December 15, 2008, to assume or reject trade confirmations to purchase or sell interests in loans (the "Open Trades").

77. In connection with the Open Trades involving Fusion Funding Limited and Fusion Funding Luxembourg, S.A.R.L. (together, “Fusion”), Milbank spent considerable time, among other things, (i) working to resolve the related pleadings filed by GE Corporate Financial Services, Inc. (“GE”), including GE’s objection to the Debtors’ second motion to assume or reject certain Open Trades, in which the Debtors had requested to assume the Fusion Open Trades, and GE’s related motion to lift the automatic stay to terminate the Fusion Open Trades, both dated December 24, 2008, and (ii) analyzing various related transactional documents, including credit facilities, inter-creditor agreements, and purchase agreements, involving, among other parties, Fusion, General Electric Capital Corporation, LCPI and Bankhaus.

78. Milbank also reviewed and analyzed the legal issues raised in various Open Trades-related motions, including (i) the motions filed by Yarpa Investimenti S.G.R. S.p.A. – RP3 Fund, dated April 3, 2009, and Basso Capital Management, L.P., dated May 7, 2009, seeking relief from the Court’s December 16, 2008 order approving the Debtors’ first motion to assume or reject certain Open Trades, as well as (ii) the Debtors’ motion, dated March 5, 2009, seeking entry of an order enforcing the Court’s December 23, 2008 order approving the assumption of Open Trades pursuant to a settlement agreement with DK Acquisition Partners, L.P.

79. Milbank prepared for and monitored the potential litigation and evidentiary hearings concerning certain Open Trades disputes, including those involving the counterparties Fusion, Blue Mountain Credit Alternatives Master Fund L.P. and Field Point IV S.a.r.l. Milbank also closely monitored and reviewed the development of the adversary

proceeding brought by LCPI against iStar Financial Inc. (Adv. Proc. No. 09-01060) until its dismissal by stipulation entered on April 6, 2009.

80. In addition to the foregoing, Milbank participated in the Loan Book Subcommittee and, among other things, (i) reviewed various motions relating to loan book transactions, including the Debtors' motion, dated March 2, 2009, seeking to settle disputes with The Metropolitan Life Insurance Company involving certain note repayment obligations; (ii) worked closely with the Debtors' counsel and advisors, and consulted with creditor constituents, to assist in developing Court-approved procedures to execute transactions related to unfunded commitments and loan restructurings; (iii) conducted research and drafted memoranda analyzing, among other legal issues, the treatment of participations in the U.S. and UK, and loan trading standards, and (iv) analyzed numerous transactional materials, including the security and collateral agreement involving Bankhaus to determine the nature of certain loan interests transferred, and certain credit facilities and participation agreements to identify defaults by the Debtors and potential elevations of participating lenders to replace the Debtors as administrative agents and/or lenders.

81. Milbank worked closely with the Committee's financial advisors to analyze and present the legal and financial implications of the Debtors' loan book transactions to the Loan Book Subcommittee to facilitate its recommendations of responsive courses of action to the full Committee. To this end, the Loan Book Subcommittee frequently convened meetings to discuss and formulate such recommendations regarding all outstanding loan book matters.

BB. Voidable Transfers and Other Potential Claims

82. Milbank has devoted substantial time to researching and evaluating potential claims on behalf of the Debtors' estates, including voidable transfer claims. In connection therewith, Milbank researched the applicable law and performed factual investigations relying on public material concerning the events leading up to Debtors' filing with this Court of their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code and drafted a memorandum with regard to the foregoing.

CC. SIPC Issues

83. During the Second Interim Compensation Period, Milbank attended meetings with the Debtors regarding SIPA and LBI issues, reviewed various motions, such as those of the Teva Companies and the Texas Education Board, and analyzed the SIPA Trustee Motion and SIPA Trustee Report, drafting brief memoranda as appropriate to keep the Committee fully apprised of potential ramifications to the Debtors' estates. Further, Milbank evaluated customer property and claims issues, including with respect to repurchase, reverse repurchase, and foreign exchange transactions, and their treatment in prior cases, as well as the status of any potential non-U.S. SIPC registrants, while drafting memoranda to the Committee regarding the foregoing.

DD. Examiner Issues

84. During the Second Interim Compensation Period, Milbank endeavored to communicate and coordinate with the Examiner in connection with its investigation mandate, which was authorized in connection with its appointment by order dated January 16, 2009, and its preliminary work plan, which was approved by order dated February 17, 2009. At the direction of the Committee, Milbank prepared a stipulation entered into by the Committee and the Examiner regarding the coordination of information sharing, which was approved by the

Court on February 11, 2009. [Docket No. 2815]. Milbank also reviewed, summarized, and presented to the Committee (i) a number of similar stipulations between the Examiner and parties in interest in the Chapter 11 Cases, and objections thereto, concerning information sharing and confidentiality, and (ii) various motions or applications from the Examiner seeking (a) subpoena power and production of documents from the Debtors and their officers and employees, which was granted on February 11, 2009; (b) the retention of Duff & Phelps, LLC as financial advisors, which was granted on February 25, 2009; and (c) the retention of certain contract attorneys, which was granted on May 15, 2009.

EE. Private Equity

85. As reflected in the First Interim Fee Application, the Committee established a private equity subcommittee (the “Private Equity Subcommittee”) comprised of Milbank attorneys, Committee members, and the Committee’s other professionals. The Private Equity Subcommittee held regular meetings during the Second Interim Compensation Period to address and make recommendations to the full Committee with regard to specific issues surrounding the Debtors’ portfolio of private equity assets and formulated protocols with the Debtors to attempt to maximize the value of such portfolios. Milbank worked closely with the Debtors, the Debtors’ professionals, and the Committee’s other professionals in connection with the sale of several lines of business that were part of Lehman’s private equity businesses, including the sale of tax credit investments and venture capital funds.

86. With respect to the sale of membership interests in various renewable energy projects, most notably, White Creek Wind I Holdings, LLC and GTH LLC, Milbank worked closely with Debtors’ counsel in reviewing and commenting on several drafts of each purchase agreement and the related disclosure schedules and ancillary agreements.

87. With respect to the proposed sale of debt and equity interests in SkyPower, Corp. ("SkyPower") to C6 Canada Energy Holdings Inc. and its subsidiary C6 Canada Energy, Inc., Milbank worked together with the Committee's financial advisors and the Debtors' counsel to review, analyze, and comment on numerous draft purchase agreements. Additionally, in connection with the proposed sale of the SkyPower equity interests, Milbank also reviewed drafts of a purchase agreement for the proposed sale of XLE wind turbines to Invenergy Wind Canada Acquisition ULC by SkyPower. Milbank also conducted significant due diligence to verify structuring issues, and communicated the terms of the transaction to the Private Equity Subcommittee and the Committee.

88. With respect to the sale of general partnership interests in Lehman's venture capital funds to the existing management of the funds, Milbank worked closely with Debtors' counsel in reviewing and commenting on several drafts of each purchase agreement and the related ancillary agreements.

89. **D.E. Shaw Payment Obligation.** Milbank also expended considerable time in connection with the twenty percent interest of ARS Holdings II LLC ("ARS Holdings"), a non-Debtor, wholly-owned, direct subsidiary of LBHI, in D.E. Shaw & Co., L.P. and D.E. Shaw & Co., L.L.C. ("D.E. Shaw"). ARS Holdings is contractually obligated to make certain payments to D.E. Shaw in 2009 and 2011, which obligations are guaranteed by LBHI.

90. Due to several factors, ARS Holdings did not have sufficient cash to make such capital payment in 2009. After Milbank, along with the Committee's other professionals, analyzed the documents related to D.E. Shaw and worked closely with the Debtors and the Debtors' professionals, the Committee's professionals agreed with the Debtors

and their professionals that significant value may be recovered if ARS Holdings fulfilled its payment obligation to D.E. Shaw.

91. As a result, the Debtors filed a motion seeking authority to make an intercompany loan to ARS Holdings, to allow ARS Holdings to satisfy its obligation to make such payment to D.E. Shaw. Milbank expended significant time, together with the Committee's other professionals, analyzing the potential value to the Debtors' estates of making this intercompany loan to ARS Holdings and related capital payment to D.E. Shaw and communicating with the Committee regarding the Committee's position with respect to this motion.

92. **Other Private Equity Sales.** In connection with certain other prospective asset sales, Milbank have worked and continue to work closely with the Debtors, the Debtors' professionals, and the Committee's financial advisors, to negotiate the terms and conditions of purchase agreements and related transaction documents with potential purchasers of such assets.

FF. Milbank Fee Statements and Applications

93. During the Second Interim Compensation Period, Milbank reviewed Milbank's monthly fee statements for, among other purposes, compliance with the Interim Compensation Order and the Local Guidelines. Milbank also prepared and served its Fee Statements on all parties required by the Interim Compensation Order and upon the newly formed Fee Committee.

IV.

ALLOWANCE OF COMPENSATION

94. The professional services rendered by Milbank have required a high degree of professional competence and expertise to address, with skill and dispatch, the numerous issues requiring evaluation and action by the Committee. Milbank respectfully submits that the services rendered to the Committee were performed efficiently, effectively and economically, and that the results obtained to date have benefited not only the members of the Committee, but also the unsecured creditors of each of the Debtors' estates.

95. The allowance of interim compensation for services rendered and reimbursement of expenses in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person . . . may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered . . . as is provided under section 330 of this title.

11 U.S.C. § 331.

96. With respect to the level of compensation, section 330(a)(1)(A) of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person, "reasonable compensation for actual, necessary services rendered." Section 330(a)(3), in turn, provides that:

In determining the amount of reasonable compensation to be awarded to . . . [a] professional person, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;

- (C) whether the services were necessary to the administration of, or beneficial at the time which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and expertise in the bankruptcy field; and
- (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

97. The congressional policy expressed above provides for adequate compensation in order to continue to attract qualified and competent professionals to bankruptcy cases. In re Busy Beaver Bldg. Ctrs., Inc., 19 F.3d 833, 850 (3d Cir. 1994) (“Congress rather clearly intended to provide sufficient economic incentive to lure competent bankruptcy specialists to practice in the bankruptcy courts.”) (citation and internal quotation marks omitted); In re Drexel Burnham Lambert Group, Inc., 133 B.R. 13, 18 (Bankr. S.D.N.Y. 1991) (“Congress’ objective on requiring that the market, not the Court, establish attorneys’ rates was to ensure that bankruptcy cases were staffed by appropriate legal specialists.”).

98. In assessing the “reasonableness” of the fees requested, courts have looked to a number of factors, including those first enumerated by the Fifth Circuit in In re First Colonial Corp. of America, 544 F.2d 1291, 1298-99 (5th Cir. 1977), and thereafter adopted by

most courts.¹⁰ See In re Nine Assocs., Inc., 76 B.R. 943, 945 (S.D.N.Y. 1987) (adopting First Colonial/Johnson analysis); In re Cuisine Magazine, Inc., 61 B.R. 210, 212-13 (Bankr. S.D.N.Y. 1986) (same); see generally 3 Collier on Bankruptcy ¶ 330.04[3] (Lawrence P. King, et al., eds., 15th ed. rev. 2009) (enumerating First Colonial and Johnson as the “leading cases to be considered in determining a reasonable allowance of compensation”). Milbank respectfully submits that the consideration of these so-called Johnson factors should result in this Court’s allowance of the full compensation requested.

- (A) The Time and Labor Required. The Debtors’ cases are among the largest, most complex and active bankruptcy cases ever filed. Accordingly, the professional services rendered by Milbank on behalf of the Committee have required the continuous expenditure of substantial time and effort, under time pressures which sometimes required the performance of services late into the evening and, on a number of occasions, over weekends and holidays. The services rendered required a high degree of professional competence and expertise in order to be administered with skill and dispatch.
- (B) The Novelty and Difficulty of Questions. Novel and complex issues have arisen in the course of these chapter 11 cases, and it can be anticipated that other such issues will be encountered. In these cases, as in many others in which the firm is involved, Milbank’s effective advocacy and creative approach to problem solving have helped clarify and resolve difficult issues and will continue to prove beneficial.
- (C) The Skill Requisite to Perform the Legal Services Properly. Milbank believes that its recognized expertise in the area of financial restructuring, its ability to draw from highly experienced professionals in other areas of its practice such as securities, structured products, asset divestiture, litigation, and regulatory law and its practical approach to the resolution of issues help maximize the distributions to the unsecured creditors of each of the Debtors.
- (D) The Preclusion of Other Employment by Applicant Due to Acceptance of the Case. Due to the size of Milbank’s financial restructuring department and the

¹⁰ The factors embraced by the Fifth Circuit in First Colonial were first adopted by the Fifth Circuit’s decision in Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974), except that First Colonial also included the “spirit of economy” as a factor expressly rejected by Congress in enacting section 330 of the Bankruptcy Code. Stroock & Stroock & Lavan v. Hillsborough Holdings Corp. (In re Hillsborough Holdings Corp.), 127 F.3d 1398, 1403 (11th Cir. 1997). A majority of the First Colonial factors are now codified in section 330(a)(3). 3 Collier on Bankruptcy ¶ 330.04[3].

firm as a whole, Milbank's representation of the Committee has not precluded the acceptance of new clients. However, the number of matters needing attention on a continuous basis has required numerous Milbank attorneys, across multiple practice groups, to commit significant portions of their time to these cases.

- (E) The Customary Fee. The compensation sought herein is based upon Milbank's normal hourly rates for services of this kind. Milbank respectfully submits that the compensation sought herein is not unusual given the magnitude and complexity of these cases and the time dedicated to the representation of the Committee. Such compensation is commensurate with fees Milbank has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.
- (F) Whether the Fee is Fixed or Contingent. Milbank charges customary hourly rates for the time expended by its attorneys and paraprofessionals in representing the Committee, and Milbank's fee is not outcome dependent.
- (G) Time Limitations Imposed by Client or Other Circumstances. As stated above, Milbank has been required to attend to various issues as they have arisen in these cases. Often, Milbank has had to perform these services under significant time constraints requiring attorneys and paraprofessionals assigned to these cases to work evenings and on weekends.
- (H) The Amount Involved and Results Obtained. The Committee represents the interests of unsecured creditors of each of the Debtors that, in the aggregate, hold unsecured claims estimated to be valued in the hundreds of billions of dollars, in what has been widely described as the largest chapter 11 cases ever filed. The Committee's participation, with Milbank's counsel and guidance, has greatly contributed to the efficient administration and prospects for reorganization of these cases.
- (I) The Experience, Reputation and Ability of the Attorneys. Milbank has a sophisticated and nationally recognized corporate reorganization and financial restructuring practice, and Milbank attorneys involved in this representation have played a major role in numerous complex restructurings including, for example, the chapter 11 cases of Refco, Inc., Enron Corp., TOUSA, Inc., Vicorp, Interstate Bakeries Corp., Winn-Dixie Stores, Inc., Fruit of the Loom Inc., Adelphia Communications Corp., Maxxim Medical Group, Inc., RCN Corp., US Airways Group, Inc., Global Crossing Ltd., Fleming Companies, Inc., Dairy Mart Convenience Stores, Inc., Lernout & Hauspie Speech Products N.V., Teligent, Inc., World Access, Inc., ORBCOMM Global, L.P., ICO Global Communications Inc., Safety-Kleen Corp., HomePlace Stores, Inc., Hvide Marine, Inc., Sun TV and Appliances, Inc., Seven-Up/RC Bottling Company of Southern California, Inc. and Ames Department Stores, Inc. Milbank's experience enables it to perform the services described herein competently and expeditiously.

- (J) The “Undesirability” of the Case. These cases are not undesirable but, as already indicated, have required a significant commitment of time from many of Milbank’s attorneys.
- (K) Nature and Length of Professional Relationship. Milbank was selected as the Committee’s counsel shortly after the Committee’s formation, on September 17, 2008, and was retained nunc pro tunc to that date pursuant to an order of the Court dated November 21, 2008. Milbank has been rendering services continuously to the Committee since the Committee was formed, and Milbank has rendered such services in a necessary and appropriate manner.

99. The total time spent by Milbank attorneys and paraprofessionals during the Second Interim Compensation Period was 31,233.40 hours and has a fair market value of \$16,829,521.00. As shown by this Application and supporting exhibits, Milbank’s services were rendered economically and without unnecessary duplication of efforts. In addition, the work involved, and thus the time expended, was carefully assigned in consideration of the experience and expertise required for each particular task.

V.

EXPENSES

100. Milbank has incurred a total of \$1,019,754.61 in expenses in connection with representing the Committee during the Second Interim Compensation Period. Milbank records all expenses incurred in connection with the performance of professional services. A schedule of expenses by project billing category, as well as a summary of these expenses and detailed descriptions of these expenses, is annexed hereto as Exhibit “C.”

101. In connection with the reimbursement of expenses, Milbank’s policy is to charge its clients in all areas of practice for expenses, other than fixed and routine overhead expenses, incurred in connection with representing its clients. The expenses charged to Milbank’s clients include, among other things, telephone and telecopy toll and other charges, mail and express mail charges, special or hand delivery charges, photocopying charges, out-of-

town travel expenses, local transportation expenses, expenses for working meals, computerized research and transcription costs.

102. Milbank charges the Committee for these expenses at rates consistent with those charged to Milbank's other bankruptcy clients, which rates are equal to or less than the rates charged by Milbank to its non-bankruptcy clients. Milbank seeks reimbursement from the Debtors at the following rates for the following expenses: (i) twenty cents (\$0.20) per page for photocopying; (ii) no charge for incoming facsimiles; (iii) toll charges only for outgoing facsimiles; and (iv) an average of nineteen cents (\$0.19) per minute for long distance. Specifically, with respect to phone charges over \$100.00, such charges were accrued in connection with conference calls in which the Committee, the Debtors and/or other parties in interest participated.

103. In accordance with section 330 of the Bankruptcy Code, the Local Guidelines and the U.S. Trustee Guidelines, Milbank seeks reimbursement only for the actual cost of such expenses to Milbank.¹¹ Additionally, Milbank has further limited and defined its expenses in accordance with the guidelines set forth in the Fee Committee Report.

104. In providing or obtaining from third parties services which are reimbursable by clients, Milbank does not include in such reimbursable amount any costs of investment, equipment or capital outlay.

105. Milbank regularly charges its non-bankruptcy clients for ordinary business hourly fees and expenses for secretarial, library, word processing and other staff

¹¹ The cost of expenses Milbank is seeking reflects any discounted rates based on volume or other discounts which Milbank anticipates receiving from certain outside vendors; however, Milbank does not perform a retrospective reconciliation of any "year-end" adjustments (positive or negative) to the actual discounted cost of such expenses.

services because such items are not included in the firm's overhead for the purpose of setting the billing rates.

106. Attorneys at Milbank have not incurred expenses for luxury accommodations or deluxe meals. The Application does not seek reimbursement of air travel expenses in excess of coach fares. Throughout the Second Interim Compensation Period, Milbank has been keenly aware of cost considerations and has tried to minimize the expenses charged to the Debtors' estates.

VI.

NOTICE

107. Notice of this Application has been given to (a) the Debtors, (b) counsel for the Debtors, (c) the Office of the United States Trustee, and (d) the members of the Fee Committee.

VII.

CONCLUSION

WHEREFORE, Milbank respectfully requests the Court to enter an order conforming to the amounts set forth in Fee Schedule A(1) attached hereto as Exhibit "D" (i) allowing Milbank (a) interim compensation for professional services rendered as counsel for the Committee during the Second Interim Compensation Period in the amount of \$16,829,521.00 and (b) reimbursement of expenses incurred in connection with rendering such services in the aggregate amount of \$1,019,754.61, for a total award of \$17,849,275.61; (ii) authorizing and directing the Debtors to pay to Milbank \$3,266,539.20, which is an amount equal to the difference between (i) this \$17,849,275.61 award and (ii) \$14,582,737.21, the total of all amounts that the Debtors have previously paid to Milbank pursuant to the Interim Compensation

Order for services rendered and expenses incurred during the Second Interim Compensation
Period; and (iii) granting such further relief as is just and proper.

Dated: New York, New York
August 14, 2009

MILBANK, TWEED, HADLEY & M^cCLOY LLP

By: /s/ Dennis F. Dunne

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Counsel for Official Committee of Unsecured
Creditors of Lehman Brothers Holdings Inc., et al.

EXHIBIT A

Certification

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----	X	
	:	
In re:	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <u>et al.</u> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----	X	

**CERTIFICATION UNDER GUIDELINES FOR FEES AND DISBURSEMENTS
FOR PROFESSIONALS IN RESPECT OF SECOND APPLICATION OF MILBANK,
TWEED, HADLEY & M^cCLOY LLP, COUNSEL TO
OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FOR INTERIM
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND
FOR REIMBURSEMENT OF EXPENSES DURING PERIOD FROM
FEBRUARY 1, 2009 THROUGH AND INCLUDING MAY 31, 2009**

Pursuant to the Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on June 24, 1991 and amended April 21, 1995 (together, the “Local Guidelines”), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “U.S. Trustee Guidelines” and, together with the Local Guidelines, the “Guidelines”), the undersigned, a member of the firm Milbank, Tweed, Hadley & M^cCloy LLP (“Milbank”), counsel to the Official Committee of Unsecured Creditors (the “Committee”) of Lehman Brothers Holdings Inc. and its affiliated debtors in possession in the above-captioned cases (collectively, the “Debtors”), hereby certifies with respect to Milbank’s second application for allowance of compensation for services rendered and for reimbursement of expenses, dated August 14, 2009 (the “Application”), for the

period of February 1, 2009 through and including May 31, 2009 (the “Second Interim Compensation Period”) as follows:

1. I am the professional designated by Milbank in respect of compliance with the Guidelines.
2. I make this certification in support of the Application, for interim compensation and reimbursement of expenses for the Second Interim Compensation Period, in accordance with the Local Guidelines.
3. In respect of section B.1 of the Local Guidelines, I certify that:
 - a. I have read the Application.
 - b. To the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Guidelines.
 - c. Except to the extent that fees or disbursements are prohibited by the Guidelines, the fees and disbursements sought are billed at rates in accordance with practices customarily employed by Milbank and generally accepted by Milbank’s clients.
 - d. In providing a reimbursable service, Milbank does not make a profit on that service, whether the service is performed by Milbank in-house or through a third party.¹
4. In respect of section B.2 of the Local Guidelines, I certify that Milbank has provided statements of Milbank’s fees and disbursements previously accrued, by filing and serving monthly statements in accordance with the Interim Compensation Order (as defined in the Application), except that completing reasonable and necessary internal accounting and review procedures have at times precluded filing fee statements within the time periods established in the Interim Compensation Order.

¹ The cost of expenses Milbank is seeking reflects any discounted rates based on volume or other discounts which Milbank anticipates receiving from certain outside vendors; however, Milbank does not perform a retrospective reconciliation of any “year-end” adjustments (positive or negative) to the actual discounted cost of such expenses.

5. In respect of section B.3 of the Local Guidelines, I certify that copies of the Application are being provided to (a) the Court, (b) the Debtors, (c) counsel for the Debtors, (d) the Office of the United States Trustee, and (e) the members of the Fee Committee.

6. I certify that the Application for interim compensation and reimbursement of expenses for the Second Interim Compensation Period has been prepared in accordance with the guidelines furnished in the Fee Committee Report (as defined in the Application).

Dated: New York, New York
August 14, 2009

By: /s/ Dennis F. Dunne
Dennis F. Dunne

EXHIBIT B

Time Entry Records¹

¹ Due to the volume of the time and expense records, these materials are not being filed with the Court, but copies thereof have been delivered to (i) the Court; (ii) the United States Trustee; (iii) the Debtors; (iv) counsel for the Debtors; and (v) the members of the Fee Committee.

EXHIBIT C

Expenses¹

¹ Due to the volume of the time and expense records, these materials are not being filed with the Court, but copies thereof have been delivered to (i) the Court; (ii) the United States Trustee; (iii) the Debtors; (iv) counsel for the Debtors; (v) the members of the Fee Committee.

EXHIBIT D

Fee Schedule A(1)

CASE NO.: 08-13555 (JMP) (Jointly Administered)

CASE NAME: IN RE LEHMAN BROTHERS HOLDINGS INC., et al.

FIRST INTERIM FEE PERIOD SEPTEMBER 17, 2008 – JANUARY 31, 2009							
APPLICANT	DATE/DOCKET NO. OF APPLICATION	FEES REQUESTED	FEES ALLOWED (INCLUDING FEES HELD BACK)	FEES HELD BACK	FEES PAYABLE BY DEBTOR	EXPENSES REQUESTED	EXPENSES ALLOWED
Milbank, Tweed, Hadley & McCloy LLP	4/10/09 Docket No. 3337	\$12,132,376.00	\$10,919,138.40	\$1,213,237.60	\$2,402,821.16	\$668,388.72	\$668,388.72
SECOND INTERIM FEE PERIOD FEBRUARY 1, 2009 – MAY 31, 2009							
APPLICANT	DATE/DOCKET NO. OF APPLICATION	FEES REQUESTED	FEES ALLOWED (INCLUDING FEES HELD BACK)	FEES HELD BACK	FEES PAYABLE BY DEBTOR	EXPENSES REQUESTED	EXPENSES ALLOWED
Milbank, Tweed, Hadley & McCloy LLP	8/14/09 Docket No. [X]	\$16,829,521.00			\$3,266,539.20 ¹	\$1,019,754.61	\$1,019,754.61

¹

The amount requested on account of fees and expenses incurred by Milbank during the Second Interim Compensation Period was \$122,189.60 less than the sum of fees and expenses set forth in the Fee Statements served during the Second Interim Compensation Period.